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## Lambeth Council

### Implementing e-Procurement – managing the process of change

#### **Introduction**

This case study is intended to provide other authorities with an overview of the approach taken by Lambeth Council to the issue of making change management work when implementing e-Procurement.

#### **Baseline Points**

Having implemented an Oracle Financial System, Lambeth Council decided to use Oracle's e-procurement software. This would enable the council to deliver savings through better value contracts and improved processes.

The e-procurement project changed the way in which the council made purchases and the processes associated with it. e-Procurement eliminates the manual processing of orders and invoices, resulting in financial savings through streamlined processes, leveraged buying and settlement discounts from swifter payment.

From the start, Lambeth recognised that having an effective change management programme in place was crucial to the success of the project. The new system would affect almost every council staff member. If users were not converted to changing to the new system, the proposed financial savings could not be achieved.

Therefore, change management was a critical element of the initial business case. This looked at both the savings element enabled by e-procurement and also the necessary cost investment. The cost investment identified the need to resource change management sufficiently, and Lambeth recognised that the project required the appropriate change management expertise, which included departmental resources and trained users.

Lambeth already had an internal change management team within its e-government team. The full-time secondment of the internal change manager to the project was costed into the business case. The council also identified the need to have one person in each of the five business departments available to assist on the change management project. This would form a secure foundation, enabling the proper structure and planning to be in place to ensure a smooth rollout.

Previously the council's Oracle Financial System had a mixed reputation. Its implementation had been less effectively change-managed and new users struggled with the technology. The new project had to turn around this antipathy and develop a way of communicating the proposed changes, ensuring that they were well received.

#### **Resourcing**

The e-procurement project team consisted of a mix of internal and external members. These included one project manager, one e-procurement manager, one process technical expert, both internal and external change managers, two Oracle team members, two internal technical experts and 6

departmental representatives. Lambeth considered this mix of skills to be a preferable to recruiting external consultants to manage and support the project.

The change management initiative started out by providing high-level change management guidance on issues, such as how to secure sponsorship. It soon became clear that change management was most effective when richly resourced with detailed guidance and support for new users and not just for senior management.

Fifty-five workshops were held in thirty different locations and supported by a poster campaign. In order to resource this extensive project, a change management team was established for the implementation stage of the e-procurement project. This would ensure that each office in the council would receive sufficient support and training required to rollout the new system.

A qualified change manager was on hand all the way through the project to manage the necessary training, communications and advocacy. This proved highly successful and provided the council's staff with the necessary training to roll out e-procurement.

Departmental representatives were incorporated into the project and they targeted business units that dealt with high levels of procurement activity. These designated staff members were able to identify key issues that would similarly affect other staff members and were able to advise colleagues on the most effective channels of communication. Even though there was an established change management plan in place, Lambeth was actually making use of its departmental employees and this influenced the success of the campaign.

## Relevant Statistics

e-Procurement goal: deliver savings of £750K in first year, building to savings of £2.25m over next three years. Still on track to achieve goal.

£750K of 'hard' savings actually delivered to bottom line in 2004/05

Percentage of payments made via BACS up from 55% to 70%

Electronic ordering now accounts for 45% of spend volumes

Electronic billing now live for 15% of invoice volumes

180,000 Purchase Orders annually

## Culture and Change

Before e-procurement was introduced and a structured approach to change management put in place, the organisational culture at Lambeth had been averse to change. There were no standardised procedures existing at the time and the change plan had not been resourced. The need for staff to adapt to a new working procedure was ignored until the last minute and staff were not consulted about the change. Consequently, a blame culture was often attached to the rollout of new systems.

Lambeth embarked on a more methodical approach to change management during the implementation of the Oracle financial system in March 2003. As e-government projects required an overhauling of long-standing, council-wide processes, a change management role was introduced to oversee all the changes that the council would undergo.

The council recognised from the outset that the e-procurement project had to be seen as a change management project rather than a technology project. This would prevent staff feeling that the changes

were being forced upon them. Instead, it empowered them by consulting staff throughout the duration of the project, allowing management time to deliver a change in culture.

By the time e-procurement went live, there was a clear adoption of an advanced methodology toward change management within the council, including elements such as training, communications plans and user testing.

## Change Plan Implementation

The change management strategy aimed to use as many different channels of communication as possible, from poster distribution to online training. It mostly involved a large amount of face-to-face communication with users. This approach meant meeting and discussing with people at their desks and arranging meetings with the specific business units identified as problem areas.

Initially, structured communication schemes were set up to train staff and allow them to understand the idea of e-procurement. Staff were invited to road shows and saw the way that e-procurement would be implemented. The road shows informed existing users, who were showing no interest in impending changes to their processes, to convince them to develop their programmes further. These events were sponsored from the top-down by the chief executive.

Project staff were in regular contact with senior management to ensure their support and weekly meetings were held with the executive director of Finance to discuss resistance. The top-down support identified the project as a clear objective of senior management and helped to reduce resistance.

Much of the process design was agreed with users right from the start. From the beginning of the project, project staff communicated with users, mapping and redesigning systems to meet the majority of people's needs.

Around 150 staff members were involved in user testing of the new systems, out of an Oracle user base of around 800. A large proportion of users were involved in transforming the processes of the new system and had a part to play in how the system would work. A number of their suggestions were implemented, which helped win over the sceptics.

Training formed a major part of the change management plan and several types of training were detailed. There were regular classroom-based training sessions over a period of seven weeks, where everyone was introduced to the new system. An e-Learning solution gave step-by-step guidance to users on how the new system would function. Video cams were also provided for users so they could learn and participate using a simulated system. Both of these technologies were available via the council's intranet and therefore, completely accessible to all council staff.

Despite the organised road shows and user testing sessions, it was actually the informal discussions that brought rogue issues to light. Project staff found that many people did not express their opinions in a formal environment, and it was only after a succession of follow up phone-calls or meetings that problems were raised.

Although most of the change management was aimed at high level management, to attain their sponsorship and at the user base, to ensure that they were comfortable with the new system, it soon became apparent that middle management support was vital. Middle managers proved the most resistant to change. Once this level of management had been brought round to the new system, the people below them also seemed to fall into line.

The results were highly successful, displaying a roll out with reduced resistance to change and a high uptake of the new system. There are always problem individuals and business units. However, the majority of potential problem areas were identified in advance through the successful use of departmental representatives feeding back information to the project team.

## Project Implementation

The project was rolled out on a wave basis, supplier by supplier across the entire council. The first suppliers were providing simple commodities areas such as mobile phones, stationery, IT and water-coolers, which were straightforward to implement and caused the least technical problems. The new system ran in parallel with the old and because it was so much more efficient, users were able to clearly see the advantages

Resistance was low in comparison with previous projects, due largely to the successful change management plan that had been implemented over the previous four months. The project team received a large amount of positive feedback from users and the uptake on going live was very good.

Post rollout, a combination of support is still provided in the form of a helpdesk offering continual communication with users, to tweak the systems. Compliance measures have been introduced as the option of using the old system has been stopped by the removal of paper order pads and the inability of staff to add new suppliers to the systems. A “champions” network has been set up using two or three people per department who have received specialist training to provide advice and assistance to their colleagues. For those who are still struggling with the new processes or have been missed by the other methods of training, drop-in sessions and one-to-one training remains part of ongoing support in place.

The result of the plan was a highly successful roll out with reduced resistance to change. There are always problem individuals and business units, but the majority of potentially problem areas were identified in advance through the successful use of departmental representatives feeding back information to the project team.

The change management plan was critical to the high uptake and acceptance of the new systems at the council. Seven months after going live, 800 people have used the new procurement procedures to spend over £14 million over 25 commodity areas. Gradually more and more items, catalogues and suppliers are being added to the system often at the users' request.

## Successes

The change management team put together and implemented a detailed plan and succeeded in communicating effectively with the user base to enable a smooth roll out of the new e-procurement system at Lambeth.

Some of the reasons for the sustained success can be attributed to the following actions:

Securing senior sponsorship right from the start, stating the financial gains possible, which helped communicate the seriousness of the message to the users

Having a well resourced change management team with representatives at grass roots level to provide feedback and disseminate information

Using internal staff members who were familiar to the user base was more effective than using an external team who may be seen as more threatening

Getting users involved from the start and acting on their suggestions

"It was the small things that seemed to work the best" says Ali Ghanimi from the change management unit, "Our roadshow film premiers and our e-procurement mascot, a friendly shopping trolley called Jimmy, won people over almost from the start."

"It is refreshing to see a process improvement project that actually makes and then proves bottom line savings. This is bound to inspire confidence in future procurement initiatives the council undertakes." Councillor Ashley Lumsden, executive member for Finance.

"We proved early on that there was an opportunity to save time and make savings, but it was only when we started as a project getting a real idea of how the changes we were proposing were going to impact on the culture of an authority, that we started to get the buy in." David Strickland, e-procurement Project Manager

## Difficulties

Although the change management project was a resounding success, the areas where difficulties were experienced were:

By focusing efforts on senior management and grass-roots level users, some of the necessary input from middle management in the development of systems was missed out. That meant instead of the functionality being finalised, changes still had to be made.

Undue acceptance that some people are just not going to turn up to training and will be resistant to change no matter what the benefits of the new system. These are actually the people who need to be targeted for the most sustained support, bringing them on board once the system has been established.

## Lessons Learnt

Many lessons have been learnt over the course of the implementation of e-procurement. Some of the advice that Lambeth would pass onto other councils embarking on a similar project would run as follows:

Secure a change manager for the length of the project

Involve all levels of all departments leading change management by using people familiar to the user base

Do not cut corners or underestimate the time and resource required for successful change management

Include a detailed change management plan in the business case and spend time selling it to senior management

Never let there be a break in communicating the change management message you are wanting to get across

No matter how watertight your change management strategy, there will always be 10% of users that are resistant and they are the 10% that require the most support

An external team of consultants is not always necessary when generic change management people can be trained up to provide a rollout of e-procurement. It simply requires a few people with the right expertise to be present

It is important to win over middle management as they have a strong influence on the user base

Use as many different ways of communicating with the user base as possible. The more often they see a message, the more likely they are to take it on board

Have a central message that is consistent in all communications

Secure the support of a major member of the board such as the executive director of Finance. Have regular contact with them and use their influence to support your cause  
Get advice from like organisations which have conducted similar projects

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