

NATIONAL E-PROCUREMENT PROJECT GUIDANCE NOTES

RESOURCING E-PROCUREMENT

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Prepared By:	Ken Cole, Strategic Procurement Services

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1. Introduction and Definitions

This document describes a methodology for resourcing an e-Procurement Project from inception to maintaining the system after go-live is achieved.

The skills needed to support an e-Procurement Project will vary depending on where it is in the Project life cycle. At the same time, the ability of the organisation to provide the appropriate quality and quantity of resource when it is required will vary also. Understanding the resource requirements and skills for an e-Procurement Project in an organisation at the outset will benefit it through:

- Better project planning and organisation at all stages
- Increased probability of a successful implementation
- Ability to deliver a solution that meets stakeholder requirements and which people will want to use
- Reduction in the likelihood of unforeseen costs and in an over-dependence on expensive consultants
- Ability to define management strategies to deal with resource shortfalls and risks to the Project
- Avoiding total project failure

For the purposes of this document, resource is defined as:

- Finance
- People – their time, knowledge, experience within the organisation

It excludes IT system resources, such as network capacity, desktop access and other technical issues

2. Methodology

2.1 Introduction

Implementing an e-Procurement solution is not a new concept. While the technologies used may be new and the impact on an organisation more wide-reaching, it is still an IT project that needs to be planned, resourced and managed just like any other. Also the project management tools and methodologies needed are the same, so if your organisation uses a standard such as Projects in a Controlled Environment (PRINCE), there is no reason to depart from this approach.

We have divided the e-Procurement Project into four distinct stages and will focus on the internal resources needed in each case. It is strongly recommended that even if detailed planning is carried out one stage at a time, an organisation should have a good understanding of likely resourcing issues at each stage if the following are to be avoided:

- Delays between stages or prescribed tasks owing to lack of resource availability
- An unexpected increase in costs through the need to buy in 'resources'
- Adverse impact on the business case

2.2 Preparing for e-Procurement

2.2.1 Prerequisites

In preparing for e-Procurement, it is advisable to have the following in place and agreed:

Procurement Strategy – should include how e-Procurement is expected to contribute to corporate and departmental goals and business objectives for Procurement, together with the benefits (with measures) that it is expected to bring

Systems Strategy – setting out the scope of e-Procurement, where it is going to be implemented and how it will interact with other means of electronic delivery, such as Purchasing Cards, existing finance/ERP systems and specialist operational systems (e.g. Highways or Social Care)

Business Case – setting out the business case for the Project, with return on investment (ROI), chosen business and technical options, sensitivity analysis of the figures (e.g. measuring the impact on ROI of doubling the cost and halving the benefits) and a risk register

2.2.2 Roles and Stakeholders

The table below gives an indication of the main roles needed, skills required and time availability. This is not a definitive list and can vary between organisations, depending on factors such as size, management structures and existing contractual arrangements for IT-related work. You may wish to consider adding a supplier or/and an external person from the business community e.g. the Chamber of Commerce to the project board during the early stages.

Stakeholder	Skills	Availability
Procurement Champion	Senior Manager and/or Member. Ability to understand the role of Procurement and 'champion' it as appropriate	As a part of his/her management brief. Throughout the Project
Project Board (or Steering Group)	Comprising managers / decision makers from the main stakeholder groups (Procurement, Finance, Audit, Legal, IT, Operational Services). Independent chair, with Terms Of Reference (TORs). No more than 8 people, otherwise decision making can be slowed down	As required, but initially quarterly for maximum of two hours. Throughout the Project
Internal User Group	Comprising main business/departments affected and their managers	Initially limited participation
Project Team	Comprising a Project Manager and a small number of dedicated people to address specific issues at each stage of the Project (see Implementation). Probably no more than two or three will be required, with at least one having good IT knowledge	Full time. Throughout the Project, but can be reduced after go-live

2.2.3 Potential Resourcing & Skills Shortfalls

Probably the biggest problem for any organisation is the Project team. It is possible to train people in project management techniques (e.g. PRINCE) and the Project Manager does not necessarily have to have an IT background. People with good organisational skills and who work to deadlines are often more appropriate. Consider secondments as a way of resourcing a Project, particularly where the task in hand has a defined start and finish point (e.g. building a Statement of Requirements). Freelance contractors (not consultants, who usually charge much higher rates) can be a good source of skills if they need to be bought in. Finally, small organisations such as District and Borough Councils should look at collaborating with neighbouring authorities or consider working with the County. The Essex Market Place is a good example of this, where the County has acted on behalf of some Districts to provide a solution and share resources.

2.3 Start to Implementation

2.3.1 Prerequisites

Once the Project is launched, there are a number of documents that need to be in place before you can go to market for solutions:

Current People and Systems Audit – This is a survey that ascertains as a minimum:

- Who is doing the sourcing/buying?
- Main procurement activities that they are undertaking
- Products and services they are acquiring, together with supporting transaction numbers, such as volumes, values and active suppliers (see Spend Analysis document)

- Systems that they are using to undertake this activity, including corporate and specialist systems, spreadsheets, databases and remote catalogues

Statement of Requirements (SOR) – a performance-based specification setting out exactly what you want to achieve with your e-Procurement solution, as well as the constraints, interfaces with other systems and basically what you want to be able to do with it. The SOR should be open as much as possible and should not prescribe how things must be done, unless this is unavoidable (e.g. Act of Parliament or Statutory Regulation)

Preferred Business and Technical Options – you will have choices as to how you wish to implement your e-Procurement solution. These need to be evaluated, so that the Project Board can decide which is the best, least risk, solution for you. This does not mean the cheapest option, but normally the one that gives you the best return on investment, taking business and technical considerations into account

Supplier Engagement Strategy – an e-Procurement solution is a wasted investment if no one is prepared to trade with you. From day one of the Project, thought needs to be given to:

- Which suppliers to target first?
- How to persuade suppliers that it is worth their while joining in?
- The trading mechanism to be used – e.g. direct electronic order, Purchasing Card, auto-faxed order, email

2.3.2 Roles and Stakeholders

The table below gives an indication of the main roles needed, skills required and time availability. This is not a definitive list and can vary between organisations, depending on scope of the Project and the route to market chosen.

Stakeholder	Skills	Availability
IT	IT support and knowledge, particularly about technical options and constraints	At least one person with IT knowledge should be available full time on the Project
Procurement	A good knowledge of strategic procurement and a sound understanding of the role of e-Procurement and where it fits into the broader strategy	Must at least have an involvement, particularly to ensure that tactical demands for automation are balanced with strategic requirements for longer term performance measurement and accurate reporting
Suppliers	Two levels needed here: 1) The suppliers that are needed on the system (see Supplier Engagement Strategy), and 2) Potential solution providers that can bring their knowledge and experience to the Project. Sharing your ideas and knowledge with potential providers, providing it is transparent and open to all contenders, is a good way of getting information and knowledge	Looking at the second category only, most potential suppliers are happy to make time available for you. This “goodwill” should not be abused, however, and ideas and information from one should never be passed on to others

Stakeholder	Skills	Availability
Audit/Legal	Knowledge of main policies and how they can be delivered through modern technology	These two stakeholders are always busy, but they should be invited to participate throughout the Project. The Project Board should insist that they “sign off” the SOR and selected solution. It is not acceptable for them to object to previous decisions taken just before go-live because they have not been able to participate
Operational/Service Departments <i>(i.e. the customers and users)</i>	Knowledge of the business processes affected by the solution and the ability to think about how existing processes can be improved or streamlined	Required at three stages: 1) The preparation and review of the SOR, 2) The evaluation and selection of potential solutions, and 3) The implementation and go-live, regardless of whether there is a pilot. Dedicated assistance is needed from these stakeholders
Human Resources / Training	Two levels of skill and knowledge are required here. The first is to understand and manage the change impact on people’s jobs, and the second is to provide training	The change management resource from HR is an ad-hoc resource. Dedicated training resource will be needed at the implementation phase

2.3.3 Potential Resourcing & Skills Shortfalls

These could occur at any point, depending on the organisation. The most common resource shortfalls during this phase are:

Representatives from Operational/Service departments - these people have other jobs to do, so your time with them is limited. Ideally a dedicated secondment from each department would be the goal, but in reality you need to make do with what time you can get. Plan ahead, giving them plenty of notice to arrange their diaries and make good use of their time. Also, find out when the bottleneck times are. For example, people in Finance are usually busy in April / May closing the previous financial year, and most departments experience reduced numbers during August. Also remember that you cannot buy in this resource from any external source, unless it is a recent former employee.

IT/Project Management – likely to be scarce, particularly where there is demand from other organisations (e.g. in and around big urban areas) or where there are big IT companies in an area. It is possible to buy this resource in, but again it is suggested that contractors are used if the envisaged work is expected to last more than six months. There are many good people with these skills, either working for themselves or in small businesses, that have excellent credentials and experience but who no longer wish to remain in the corporate world.

Procurement – in larger organisations with a corporate function this is not likely to be a problem, but for smaller organisations such as District/Borough Councils this is likely to be a problem area. Again, teaming up with neighbouring authorities may help resolve shortages here. If external sources are used, make certain that requirements are tightly specified with key target dates to prevent ‘scope creep’ (where a resource provider tries to tell you that you need to buy more resources to cover other elements of work).

Trainers – this is an area overlooked or met with the view that the solution provider will do the training. There are two issues here to consider. Firstly, it may be better to have a ‘train the trainer’ approach, as some implementations often need lots of people trained. Secondly, the solution provider may be able to train on how the solution works, but this does not help if they do not understand how it will be deployed and, more to the point, the business challenges and issues of the user. For example, showing someone how to use an electronic catalogue is of little value if they buy service packages from individuals.

2.4 Rolling Out and Go-live

2.4.1 Prerequisites

We are making the assumption that most organisations will use a pilot before the formal rollout of a live system. This is good practice for both supplier and client organisation, as it allows both parties to understand issues, examine problem areas and make changes at an early stage before committing to the agreed solution.

Implementation and Maintenance Strategy – this will look at both the set up and maintenance issues. Typical contents will include:

- Getting beyond the pilot – how many people will be needed to roll out?
- Catalogue management – who is responsible for updating and managing catalogues, at what interval and where are they located (on your system or on the solution provider’s). Also, questions about access to multiple catalogues, and the impact of changes made to catalogues, need to be addressed
- System administration – who will look after the system and what is the likely level of maintenance required?
- Purchasing Card administration – someone needs to ensure that Purchasing Cards are managed, issues resolved and trends analysed
- Management information generation – what information is needed from the system and can it be easily obtained. Are the coding and classification structures used the right ones and capable of providing answers?
- Measuring against criteria, on-going measurement of success – what does success look like, who does the Post Implementation Review (PIR) and who is responsible for ensuring the benefits are delivered?
- Monitoring of issues – what is the mechanism for answering user questions, determining future changes?

An organisation should not proceed without having these issues resolved and scoped. It also underlines why a pilot may prove to be very cost effective.

2.4.2 Roles and Stakeholders

Stakeholder	Skills	Availability
IT (particularly systems support)	Knowledge of systems support issues	A dedicated resource will be needed regardless of whether it is an in-house individual or an externally managed service

Stakeholder	Skills	Availability
Procurement	Ability to plan future developments and tie them to the Procurement Strategy. Also the ability to interpret information and insist that benefits are taken Business Help Desk	For the first skill category, as and when required. For the second, there will undoubtedly be lots of queries in the first year as the system beds down. Also these tend to rise again when new releases, upgrades and changes to functionality (more catalogues, changes to authorisation hierarchies, etc.) are implemented
Contracted Supplier	Implementation support and advice On-going management	Usually purchased from the supplier, but check out the on-going requirements now. The supplier may play these down simply to win the business!
Training	Full training plan.	A dedicated resource will be needed until a full rollout has been completed whether it is an in-house individual(s) or the supplier's personnel

2.4.3 Potential Resourcing & Skills Shortfalls

The most likely ones at this stage are:

Contracted supplier – some suppliers, particularly the larger ones, will offer different people from those specified in their bid, or move good people around so that they can be provided to other clients. One Council found that the supplier was flying in staff from South Africa to carry out implementation work and expected the Council to pay the costs. A mechanism needs to be put in place to minimise this and ensure that continuity is maintained, obviously excluding resignations and illnesses

Systems Administration – a scarce commodity to find, particularly in London and the Home Counties. Factor this in at the bid evaluation stage and do not underestimate the size of the task of doing it in-house

2.5 Maintaining the Solution

2.5.1 Prerequisites

A live, well-implemented solution is the only prerequisite here.

2.5.2 Roles and Stakeholders

Stakeholder	Skills	Availability
IT (particularly systems administration)	Knowledge of issues such as upgrades, reporting tools, interfaces and catalogue updates/management	A resource will be needed, even if part-time. Some organisations buy ad-hoc consultancy, but this may work out to be expensive over a sustained period Arguably, this resource may belong to Procurement rather than IT, as it is permanent – need to monitor the system, produce metrics, manage user issues, etc. It is a functional role, not the old fashioned IT help desk type role.

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Contracted Solution Provider	Understanding of where you want to get to with your new investment Fault Resolution Desk	Need to ensure that a good Account Manager is in place to provide advice and progress issues such as fault resolutions and quality issues.
Operational / Service Departments	Ability to look at where improvements can be made, log faults and join in reviews Need to champion the solution in its early days with sceptical colleagues	As and when required
Member involvement	Ability to champion the cause, maintain momentum and perhaps undertake a scrutiny role	As and when required

2.5.3 Potential Resourcing & Skills Shortfalls

It is at this stage that organisations find out the true cost of the system. If the system is expected to last for say five years, it can be expected that as little as 35% of the costs (for a bigger system) will be incurred at the initial contract stage. IT (including e-Procurement) is a classic example where organisations need to understand and apply the principles of full life cycle costing during the evaluation stage. The potential cost peak should be identified in the business case and subsequent business plan so that it does not come as a surprise and can be accommodated.

3. Issues and Risks

There are a number of issues and considerations to take into account when dealing with resourcing an e-Procurement Project.

- A general lack of experience and skills, particularly in Procurement and IT. The reasons for this are many and varied, and the important issue is to recognise them
- Potential conflicts with other priorities, or a change of policy and direction, cause your Project to lose its status. The latter can be caused by a change of political control at a local level, or by a change of policy from Central Government
- Sharing resources can often cause problems, particularly if the other party intends to make a demand on them at the same time as you
- Use of third parties is always a risk. Keep this in your risk register and ensure that regular changes of personnel (except for genuine reasons) become a part of the evaluation process and contract negotiation
- Getting people's involvement is always a problem. e-Procurement might be important to you, but for some, particularly those in Operational/Service departments, it is a drain on their time
- Expectations are not met – people soon become disillusioned when things go wrong, and sometimes this can lead to resources being withdrawn. Contingency planning and communication are key here
- Effective Project Management is essential, given the likelihood of having to manage external resources such as banks, suppliers, IT providers, and collaborative partners
- Beware of cutting corners with training or stakeholder consultation. If the eventual users do not like the system or have no idea how to use it, they will set up other systems, such as spreadsheets and paper systems, to do the job. Comments such as “we do not trust the system” or “it was imposed on us” apply equally to e-Procurement
- Avoid making the system fit your processes, as this can be very expensive and may destabilise the working system
- Be aware of momentum marketing by solution providers who tell you that you will miss out unless you enter the market immediately. They have a vested interest in getting you to launch a Project. However, do pick their brains, visit their web sites and get them to give you other contacts from whom you can learn

4. Conclusions

- Consistent and strong Project Management is a key to success
- Senior buy-in and director ownership must be present throughout and used if problems are encountered or issues need resolution
- People's expectations must be set for the long term, making the presence of a Marketing and Communications Plan very important
- e-Procurement is not a one-off Project - there are "business as usual" implications
- A clear and unambiguous Business Case must be present and a Post Implementation Review (PIR) carried out to ensure that the benefits/savings are delivered
- Do not rush the Project to meet an artificial target date – it will fail. Full understanding and support from within the organisation is required before the Project can proceed
- Use of low cost pilots is important to prove concepts and gain support
- Training is not a "nice to have", but an essential aspect of your Project
- Opportunities to collaborate with other organisations, particularly neighbouring public sector bodies, should be taken on board at every opportunity
- Learn from the mistakes of others and admit it when you get things wrong. There is no such thing as the perfect Project
- Multi-disciplinary teams and Project Boards are important, as e-Procurement is not just about IT and Procurement
- It is important to get the right resources. If they are not forthcoming, then it is important that the Project Board and Procurement sponsor are notified with a view to taking corrective action

5. Links to Other Documents

The following web sites and documents provide useful additional information on this subject:

- BASDA e-Business, An Overview (www.basda.org)
- CIPS e-commerce (Jan 03) (www.CIPS.org, access restricted to CIPS members only)
- CIPS e-sourcing (Jul 03) (www.CIPS.org, access restricted to CIPS members only)
- General papers on e-Procurement (www.nepp.org.uk)

Prepared by:

Strategic Procurement Services



Strategic Procurement Services

PO Box 58

Prudhoe

Northumberland

NE41 8ZA

www.strategicps.co.uk

info@strategicps.co.uk