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[Yes Virginia Revisited! Why some e-procurement initiatives succeed and others don't! *\(A Summit Simulpost\)](#)

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In a recent post that appeared in my Procurement Insights Blog titled The Ariba Interviews: Re-engineering the Future of On-Demand, (<http://procureinsights.wordpress.com/>) I reviewed a series of interviews I had with a senior executive from Ariba as well as members from the company's PR firm. Of the considerable feedback I received as a result of the posting the most interesting (and insightful) comments came from the Commonwealth of Virginia. What was compelling about the Virginia feedback was their willingness to provide a perspective from what they referred to as the "other side of the fence." As reported, it was a refreshing departure from the hyperbole that permeates most initiative discussions in that the subsequent interview revealed an extremely capable group of people whose passion for procurement was only rivaled by their commitment to a vision. A vision that was centered on gaining a thorough understanding of the processes that defined the Commonwealth's procurement practice as well as the unique requirements of a diverse group of internal and external stakeholders.

I was recently asked to identify the one key element of the Commonwealth's program that differentiated eVA from initiatives such as the Government of Canada's shared services strategy. While there are always numerous factors that can and in fact do influence outcomes, if I had to settle on one such factor it would be the aforementioned commitment to understand and respond to stakeholder interests.

Referencing my October 2006 column in Summit Magazine, (How not to abandon your e-procurement initiative – see URL link at the conclusion of this post), I discussed Bill McAneny's book *Frankenstein's Manager – Leadership's Missing Links*. Relevant to today's column is McAneny's position that "communication is actually a desire not a skill." And the "exercise of understanding the unique and intertwined requirements of different segments within an enterprise" is indisputably linked to a willingness to engage and listen.

Conversely, ineffective communication such as limiting engagement to a select few insiders leads to what I refer to as an "enterprise-wide disconnect that ultimately and negatively impacts organizational objectives." In his book *e-Procurement: From Strategy to Implementation*, Dale Neef referred to the practice of limited engagement as a "closed door meeting" mentality that eventually undermines the effectiveness of any initiative.

Now it is important not to confuse the critical differences between a single or shared strategy and a true exercise in collaboration. In the former, the strategy becomes the defining point superseding the benefits (and interests) of the stakeholders it is supposedly designed to assist. (Note: see my October 16th post regarding former GoC ADM Howard Dickson's "the medium is the message" statement.) In essence, the enterprise is pressured to conform to the strategy. This is likely one of the reasons why a 2007 paper, referencing a number of studies and interviews concluded that 85% of all eGovernment initiatives have failed world-wide.

True collaboration at its elemental roots on the other hand, is based on the development and conformation of a strategy to fit the enterprise. In short it is stakeholder driven versus being

program driven. And it is this key and at times imperceptible difference that determines the success or failure of an initiative.

A panel discussion on e-procurement

This past week, I was one of three panelists discussing e-procurement at the 5th Annual Supply Chain Symposium in Toronto. Sharing the table with me was Arthur Skuja (Vice President and General Manager from MERX), and Bob Sievert (Director, eProcurement Bureau for the Commonwealth of Virginia) – who joined us via telephone.

Of the many topics that were presented for discussion, the conversation surrounding stakeholder collaboration was by far the most interesting and telling.

Responding to a question from the audience regarding the progress of the GoC's strategy for procurement reform, a comparison between eVA's success and the Way Forward's continuing struggles became the subject of discussion.

After providing an overview of the shared services or "one enterprise" approach that the Federal Government continues to pursue, Bob disclosed that the eVA program had similar beginnings.

Specifically, the Commonwealth's original approach to driving procurement reform was to establish a single standard across the board. This is probably the reason why Way Forward proponents had initially made reference to eVA as a model they were going to emulate. However, the Commonwealth soon realized that the degree of stakeholder resistance at the department or agency level towards what can be referred to as a "monolithic undertaking" in which centralized control (or the illusion thereof) is the driving force, was untenable.

Recognizing that government is "not just a single business but is actually comprised of many different lines of business," was Virginia's first step toward real reformation. Through the acknowledgement that "government goes beyond a mere org chart" as Bob put it, the foundation for understanding the "special needs, special rules and special challenges associated with the procurement practice of each entity" was properly laid.

Besides the recognition of the inherent flaws associated with a shared services approach, the Virginia team had the courage and determination to change course. As a result, the Commonwealth avoided the trap of eVA becoming a software (IT) project as Bob put it, and was thereby able to shift the emphasis from an exercise in cost justification, to one of process understanding and refinement.

Now as I had indicated in the original Yes Virginia postings, I do not want to mislead you into thinking that the Commonwealth did not experience a degree of pushback from stakeholders. They did. The key differentiator with eVA was the willingness on the part of senior management to listen to and understand stakeholder concerns and take the appropriate course of action to remove barriers.

Results as the saying goes, speaks for itself!

While the GoC program for example has fallen victim to inertia, where the greatest effort is on selling and enforcing change, (recently, smaller departments have had their budgets cut as a means of "persuading" them to utilize the shared services model), eVA has consistently demonstrated strong growth and even stronger acceptance both internally and externally.

With eVA, 1% of the total identified spend of \$3.5 billion was processed through the program in 2001. In 2007 that number has increased to more than 80%.

Simultaneous to increasing throughput, is the growth in the Commonwealth's supply base from 20,000 in 2001 to 34,000 in 2007. What is worth noting is the expectation that the level of vendor acceptance will likely continue as demonstrated by the fact that the distribution of business over the entire supply base has also increased substantially. Data provided by Virginia indicated that just 6,000 of the 20,000 registered suppliers received orders prior to eVA's introduction in 2001. Nine months into 2007, 14,756 of the 34,000 registered suppliers have already received orders. (Note: another example of Virginia's level of commitment to stakeholder engagement is the Commonwealth's decision to shelf a strategy involving the introduction of digital signatures into the procurement process. One of the main reasons for this decision was the potentially negative effects the proposed strategy would have on the SME/HUB communities.)

Unlike the elite group of organizations who represent the 15% rate of success, I would hazard a guess that there is a palpable absence of similar data from those initiatives that fall into the 85% category, the GoC being one of them.

Client understanding equals client success

What these results really indicate is that stakeholder acceptance (re buy-in) is not determined by the strategy or technological platform that is pursued (eVA certainly would have been equally successful with another vendor's product). It is instead driven by the proper alignment of these elements with the way in which the organization operates in the real-world.

Based on this precept, and complementing the question "is your e-procurement initiative a threat or a benefit to your supply base," is the equally important question "do you truly understand stakeholder issues and objectives both within and external to the organization?" Having the answer to these core questions will determine if you become another statistic in the long line of initiative failures, or a shining example of exemplary vision in which communication is the foundation.