E-PROCUREMENT STEERING COMMITTEES

Ensuring success through executive sponsorship

THE SHELBY GROUP

INTRODUCTION

The adoption of cloud-based platforms has become a game changer for organizations, consuming up to a third of IT budgets. Best-in-class cloud platforms help companies increase agility and reduce costs by digitizing business processes while embedding proven best practices.

For a growing number of companies, adopting an e-procurement platform has become a "no-brainer" decision, because it addresses the fundamental need to help employees buy what they need quickly, cost effectively and *within the corporate framework*.

What is often overlooked in the adoption of cloud platforms, however, is the need for program governance throughout platform implementation, organizational change management and enterprise adoption. Program governance ensures value creation and mitigates the risks that can offset value.

An E-Procurement Steering Committee
can play a vital and essential role in helping
to manage the creation of business value
and mitigate risks associated with your
procurement transformation initiative.

This eBook presents a framework for thinking about how to structure your company's E-Procurement Steering Committee. The eBook is organized based on five simple one-word questions:

Why? The benefits of chartering a steering committee

Who? Recommendations for committee membership

How? Guidelines for establishing your committee charter

What? Establishing governance activities and reporting

When? Setting the cadence for effective governance

The recommendations and insights provided on the following pages are based on the experiences of The Shelby Group in helping hundreds of organizations optimize the business value obtained through the automation of procurement processes.

Why?

THE BENEFITS OF CHARTERING A STEERING COMMITTEE

When your company set out to transform procurement operations from manual to automated processes, the decision was motivated by a specific set of business goals and objectives. These goals likely included reducing the time and costs associated with transactions, increasing visibility into spend and reducing risks associated with buying decisions.

Chances are that before deciding on an e-procurement platform, you also discussed risks associated with platform implementation, raising questions about user and supplier adoption and integration with your ERP and other systems.

Implementing an e-procurement platform is a strategic initiative that occurs in phases that unfold over a two- to three-year timeframe.

Chartering an E-Procurement Steering Committee provides the ongoing strategic direction and executive support necessary to ensure value capture and mitigate risks associated with program adoption.

Oversight: The steering committee serves as a governing authority for the e-procurement strategy, providing oversight and approval of budgets, assistance to ensure adoption and support for achieving business and cultural objectives.

Intervention: The steering committee also plays a vital role in helping to overcome obstacles to creating value. This role includes exercising business judgement to address scope or change management issues and—when needed—intervention to ensure the compliance and accountability required from stakeholders to achieve measurable business results.

A steering committee provides the executive support necessary to influence success

Who?

RECOMMENDATIONS FOR COMMITTEE MEMBERSHIP

Some enterprise steering committees require a broad representation of senior decision makers throughout the organization. E-procurement steering committees work best when comprised of just a few senior-level executives and project leaders with a vested interest in digitizing e-procurement processes.

Committee Members: Executives with a direct stake in the success of your e-procurement platform likely include the following:

Chief Financial Officer (CFO)
Chief Procurement Officer (CPO)
Chief Information Officer (CIO)

In addition to the above, you will want to include the following individuals as supporting members:

Project Sponsor: This may be any of the principal committee members listed above or someone from finance, procurement or IT who has taken the lead role in sponsoring the e-procurement platform.

Project Leader: While not a member of the steering committee, the project leader or program manager is "contracted" by the steering committee to ensure that the project work is undertaken as agreed.

Business Stakeholders: Business stakeholders should be invited to scheduled meetings to enlist their support in driving adoption and facilitating change management.

Implementation Partners: Your consulting partner and your platform representative are valuable resources for program guidance and best practice insights.

Membership should include executives with a direct stake in e-procurement success.

How?

GUIDELINES FOR ESTABLISHING YOUR COMMITTEE CHARTER

There are two primary functions that steering committees fulfill:

- Provide strategic direction
- Support the project leader

Setting of Business Goals: Digitizing the processes associated with buying goods and services within your company enables a level of real-time visibility that does not exist today. The steering committee sets the change agenda for goals that are tied to procurement and goals for facilitating or supporting important corporate initiatives.

Prioritization: While there are many general business benefits associated with automating procurement, the prioritization of specific initial- and longer-term goals is unique to your company. The steering committee serves an important role in determining the business drivers and goals for initial and subsequent phases of your e-procurement program.

Project Support: Even the best laid plans for rolling out your e-procurement platform are bound to run into obstacles that can delay or disrupt project success. Members of the steering committee provide project support, when needed, by promoting the enterprise benefits of the e-procurement initiative, encouraging business leaders to become advocates, and helping to hold responsible parties accountable for commitments on the project roadmap.

Project Scope: Often, opportunities for value capture arise over the course of implementation that were not anticipated in the initial project scope. The steering committee plays a critical role in authorizing changes to scope, schedule or budget.

The steering committee sets the agenda for change and helps facilitate project success

What?

ONGOING RESPONSIBILITIES AND ACTIVITIES

The following is an overview of the primary activities and responsibilities of a typical steering committee:

- Ensure the project's outputs meet the business objectives and needs of stakeholders
- Discuss material deviations in scope, schedule and budget
- Help balance conflicting priorities and resources
- Provide guidance to the project team and users on business goals and objectives
- Consider ideas and issues raised and make executive-level business judgements
- Foster positive communication regarding the project's progress and outcomes
- Review the progress of the project and continually validate business case assumptions and benefits

In addition, the steering committee helps to evaluate new opportunities for value creation:

- Evaluate business impact
- Consider modifications to scope
- Approve project modifications
- Garner additional participation
- Set goals for value creation
- Approve changes to schedule and budget

The committee oversees project progress and helps ensure business success.

When?

SETTING THE CADENCE FOR EFFECTIVE GOVERNANCE

The following are a few things to consider in setting up regularly scheduled committee meetings.

Pre-RFP: Ideally, the steering committee should be established at the outset of the e-procurement initiative, before the RFP is issued. Convening at this stage helps ensure that the scope of the project reflects the interests of all committee members and isn't limited to the goals of the initial sponsor. For example, an AP executive may have a very different view of scope and business impact than the CIO.

Kick-Off: An initial kick-off meeting should be held to give an overview of the project to date and to explain expectations and the purpose of the committee.

Regularly Scheduled Meetings: Meetings should be held no less than monthly and attendance should be mandatory. Seek concurrence from members on selection of the committee chair as well as meeting frequency, standing meeting dates and times.

Setting the Agenda: The agenda should be sent to committee members several days prior to the meeting taking place to allow them to prepare for the meeting, request changes or add new agenda items.

Meeting Follow-up: Within a week of the meeting, a copy of the minutes of the meeting should be circulated to all members.

Business Impact Reporting: The steering committee should own responsibility for affirming business impact of the e-procurement initiative and communicating with corporate leadership and business stakeholders at key milestones in the evolution of the project.

Schedule steering committee meetings every 2-4 weeks for the duration of the project.

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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