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CHECKMATE BLOG

Procurement Transformation -- Influencing Change

Procurement transformation is obviously a huge undertaking with significant risk. Research actually shows that somewhere between 66% and 85% of organization change efforts fail! Successful efforts require detailed project planning and a new approach to change management. Traditional change management focuses on Strategy, Systems, Process and Structure. While these are important, they are also insufficient. What typically sabotages change efforts is the organization's underlying culture and status quo behaviors. These underlying issues need to be addressed as part of any successful change initiative.

Organization change is really the sum of individual's behavior changes. Start by defining how you'll measure desired results. For a procurement transformation, measures might include things like spend under management, contract compliance and technology adoption. Next, you need to identify the vital few (high-leverage) behaviors that will deliver these results. Vital behaviors can be found by looking at crucial moments -- the point in time when individuals decide to change, or not. They can also be uncovered by studying positive deviance -- situations where there is unexpected success. This might be a specific individual, business unit, location or company that successfully implemented change where others failed. Finally, you should examine culture busters -- behaviors that are currently taboo or punished, or that challenge cultural norms. For example, is it acceptable to speak up when management sets a deadline that everyone knows is impossible? Overcoming this taboo might be the vital behavior that tips the scale towards success.

After identifying vital behaviors, you'll need to develop a comprehensive plan defining how you'll influence those desired behaviors. According to the *New York Times* bestseller *Influencer*, influence comes from six sources which encompass motivation and ability from personal, social and structural forces. Most change initiatives mistakenly look for the "silver bullet", the one influence strategy that will drive change. In reality, we need to overwhelm the challenge by using multiple sources of influence simultaneously. Employing all six sources to support vital behaviors can increase success rates tenfold (<http://tinyurl.com/kg3hyjo>)!

Below are some examples of the Six Sources of Influence™ that drive change. Remember, the power comes in using six sources simultaneously to overwhelm the resistance.

1. Personal Motivation

We typically rely on verbal persuasion to get folks on board with change. Unfortunately, verbal persuasion is notoriously ineffective. To gain support for a change, we need to tap into people's beliefs and values. Personal and vicarious experiences are useful for this purpose. How can we provide our constituents with an experience that will instill the desired commitment? Perhaps a benchmarking visit to a best-in-class company or attending an industry conference to network with peers would be more impactful.

2. Personal Ability

Good training targeted towards individual needs is important when introducing new processes or technology. However, we need to be sure we are really addressing the right need. When implementing eSourcing software, we focus on the technology. How do I create an item? How do I register suppliers? How do I create an RFQ? However, as compared to traditional sourcing methods, eSourcing requires a much more methodical and rigorous sourcing process. Perhaps our users aren't skilled in strategic sourcing. Training on the basic process may be a pre-requisite to technology training.

3. Social Motivation

Conventional wisdom suggests targeting Innovators to drive change. However, experience suggests that Opinion Leaders are better at providing positive peer pressure. Innovators may not have the trust of the broader organization. They'll try anything! Conversely, Opinion Leaders are independent thinkers. They're skeptical. That's why the troops respect them. In any change initiative, Opinion Leaders will work either for or against you, so you better get them on your side. Solicit their input and listen carefully. Adjust as appropriate to address

their concerns. Once convinced, these individuals will become your biggest advocates and grease the skids for adoption among their reluctant peers.

4. Social Ability

Do others enable or disable your desired change? A process map highlighting potential failure points is useful here. Who relies on whom, for what, by when? Perhaps “resistance” is really a matter of someone not getting the information they need from someone up the line. It’s ability rather than motivation. We need to fix the process.

5. Structural Motivation

Upper management support is critical. They need to provide the resources to support the change initiative, and must help to break down barriers encountered along the way.

However, we often depend on upper management to allocate “carrots and sticks” in order to drive change. Rewards as motivation are tricky. We must be cautious to reward the desired behavior. For example, if we reward individual results but want collaboration, we’ll be disappointed. We should also be cautious about incentives that are too large. Excessive incentives encourage any means to an end. In addition, the incentivized behavior will be short-lived. As soon as the reward goes away the desired behavior will likely disappear. Structural motivation should be used after Personal and Social Motivation, and rewards should be used in moderation to avoid pitfalls.

6. Structural Ability

We discussed training under Personal Ability. However, training is only a first step. As a professional trainer, I’m appalled that only 10% of what I teach is retained! This means that ongoing support is critical because users will take the path of least resistance when faced with obstacles. If there are structural issues (e.g. help and support are constrained due to physical distance, time zones or language barriers), users will just do what’s familiar and easy. It’s important to consider how the environment (data, facilities, templates, tools, etc.) support or hinder our change effort.

Each organization is different as is each change initiative. That means you must tailor the approach for every situation. Chances are you won’t get it right the first time. That’s why it’s important to continuously monitor progress and make appropriate mid-course corrections. Don’t get discouraged. Remember that disappointments aren’t disasters, they’re data. We need to incorporate the learnings and adjust as appropriate.

Barbara Ardell is VP at Paladin Associates, Inc. To find out more about their offering Influencing Change – the solution to Procurement’s change challenges, please click here.

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