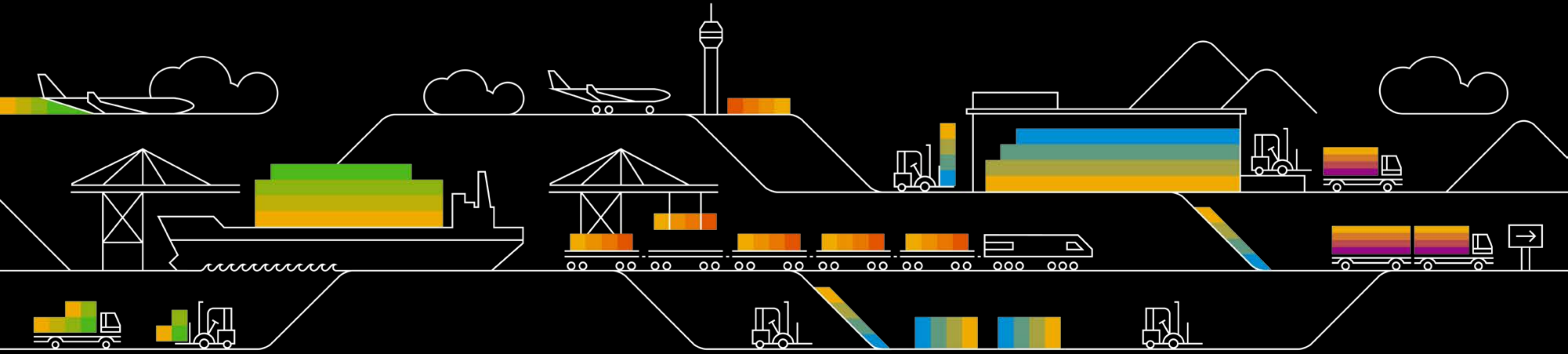


SAP Ariba

Preparing for Awesomeness

12 Keys to Success

EXTERNAL

Run Simple

Executive Summary

Program Vision & Business Case

- Key stakeholders have education, awareness, and buy-in
- Business case, business outcomes, benefits investment, and change

Executive Sponsorship

- Executive advocate & champion of the program
- Evangelize importance

Governance

- Cadence for monitoring progress, resolving issues, celebrating wins
- Driving accountability

Success Measurement

- KPIs & performance monitoring
- Baseline vs. target
- Benchmarking
- Define what success looks like, measure regularly to manage goals

Process Refinement

- Update business processes to drive optimization and consistency
- Leverage best practices

Flight Planning

- A multi phase roadmap timeline
- Enablement plan (e.g. by stakeholder, category, business unit, geo)

Resource Planning

- Implementation
- Steady state operations

Supporting Policy

- Internal and external
- Provides specifics expectations for compliance

Cross Functional Collaboration

- Clearly aligned objectives
- Participation across departments

Incentives

- Ensure goals are perceived as important
- Inspire and rationalize the need to change

Training

- How the day to day job will be different but also the subject matter, value, and 'why'
- Not one size fits all but should be specific based on job function and role

Communication

- Develop a strategy for internal and external communication
- Strategic communications come from executive sponsors

Corporate change efforts fall short with only 12% achieving or exceeding expectations[1]

1. Bain & Company, *The Who, What & How of Delivering Results*, 2016

“The central issue is never strategy, structure, culture, or systems. The core of the matter is **always about changing the behavior** of people.”[1]

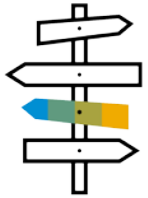
--Dr. John P. Kotter

The Konosuke Matsushita Professor of Leadership, Emeritus, at the Harvard Business School, a New York Times best-selling author, the founder of Kotter International , and a well-known thought leader in the fields of business, leadership, and change.

KEYS TO SUCCESS: A PRECURSOR

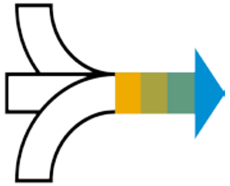
Stages of Success

Plan



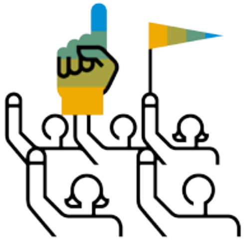
- Ask questions
- Establish a vision
- Size the prize
- Get a team together to drive change
- Establish the timeline and expectations
- Ask more questions

Execute



- Design and prepare systems and tools for the change
- Communicate with employees early and often
- Train functionality, subject matter expertise, and ‘why’
- Continuously measure success

Adopt



- Build on the momentum
- Celebrate early wins
- Keep communicating and removing roadblocks
- Incentivize employees to adopt the change
- Reward and recognize as milestones are met

Welcome to the new normal!

1. John Kotter, *The Heart of Change: Real-Life Stories of How People Change Their Organizations.* Harvard Business School Press edition, 2002

KEYS TO SUCCESS

Understanding Goals and Success Measures

WHY GOALS MATTER

- **Isn't this obvious? Change is complicated and interpreted different ways.** A search for 'change management' books on Amazon yields 26,000 results[1]. Setting thoughtful, meaningful goals takes time and with the urgency of our work, it can be easy to plunge in without thinking about goals
- **You need to know when you're done.** Setting goals is a start but a goal is not properly set until it has a success measure attached to it. At some point stakeholders will ask where you are, what progress has been made and what's the timeline to completion. If you don't know what success looks like, it's hard to answer those questions
- **You need visibility into where you are.** You are not running this project in a vacuum by yourself. There are others involved and they need to see where you are as a team and what comes next
- **You may need to get back on track at some point.** Given only 12% of change initiatives achieve or exceed expectations[2], things will happen and even the best laid plans will have hiccups. Having goals can help to get your project back on track
- When asked about the best practices that contribute to success, **86% reported that having well-defined milestones and metrics was a key ingredient to being highly effective**[3]

3 INGREDIENTS TO MEASURE SUCCESS

- **PROCESS MEASURES.** A process measure is a measure of progress. What items have been accomplished, what boxes have been checked, what milestones have been reached? During the course of any project you can measure success by what you are achieving. Your direct actions are an indicator of success
  - Ex: 3 of the 5 test scripts have been successfully executed and feedback collected
- **RESULT MEASURES.** A result measure is a measure of impact. What numbers have increased or decreased, what benchmarks have changed, what needles have moved? During the course of any project, you can measure success by the impact of your actions. Your direct actions are not measured; their effect is
  - Ex: Customer satisfaction improved by 3 points in the past 15 weeks
- **TRACKING MECHANISM.** With both process and results measures, you need a tracking mechanism. This may be as complex as a system or as simple as a spreadsheet. Your tracking mechanism needs to give you numbers, status and/or feedback on how well you are tracking towards the goal with as little bias as possible

"A goal **properly set** is halfway **reached**."[4]

--Zig Ziglar

American author, salesman, and motivational speaker.

1. Amazon 2. Bain & Company, *The Who, What & How of Delivering Results*, 2016 3. Project Management Institute, *Pulse of the Profession: Enabling Organizational Change through Strategic Initiatives*, 2014 4. BrainyQuote

KEYS TO SUCCESS

Understanding Barriers to Change

WHY THIS MATTERS

- **Setting goals and milestones is good, right?** Yes, it is good but it's only half of the change equation. You have prepared for everything to go right; you also need to prepare for when it doesn't
- **Some people work to the launch and never look beyond it**. It is easy to get caught up the hundreds of activities that precede a change – discussions, tests, design meetings, feedback loops, emails, newsletters, posters and all-hands calls. Everyone wants the launch to go well but change doesn't happen at the launch, it happens when someone chooses to change
- **Change happens on the individual level, it is an individual choice**. When an organization changes, it is really tens or thousands of individuals making a choice to follow a new behavior such as using a new system or executing a new process. They won't all decide to change on the same day. Mathematically the whole is equal to the sum of its parts, Aristotle suggested "the whole is greater than the sum of its parts"
- **People, not systems or technology or process, are the biggest barrier to change**. If you trace the root cause of any failed change initiative, you will find people at the core
- **Don't ignore this**. "The reshaping of employee attitudes and behaviors is just as critical to the success of a transformation as the implementation of process changes"[1]

6 COMMON MISCONCEPTIONS

- **The change is obviously better than what we had before**. There's no need to bother with explaining the "why" or the benefits. It's clear the change is better. End of story
- **People are smart, they'll just get it.** There is no need for training; there is no need to give people time. We hire great people who are smart and talented. Making the change won't be hard for them
- **Just flip the switch.** For technology changes in particular, people think turning on the technology is enough. They think the technology alone can manage the change
- **The change is intuitive, we don't need a plan.** In this situation, people who are already bought into the change understand it and believe in it. They forget they've been working towards the change for much longer than someone who just heard about it on a team call
- **They won't have a choice**. Actually, they do. Removing system access is not a sure way to manage change. People will find subtle ways to work around it if they are not bought in
- **Change happens quickly.** We live in a time when everything happens quickly and we expect change to behave the same way. No one wants to hear it or admit it but change takes time. When done well, the return is worth the wait

Here's what it sounds like:

- "I don't think it applies to my role so it's not relevant"
- "The old way was fine"
- "I already am behind and this change will just slow me down"
- "Don't worry. It won't last"
- "Change is just a nice way of saying do more with less"

1. McKinsey & Company, *Winning Hearts and Minds: The Secrets of Sustaining Change*, 2011

KEYS TO SUCCESS

Program Vision & Business Case

WHY THIS MATTERS

- Organizations with a clear and documented linkage between their strategic objectives and each business case objective report a **14% higher Business Satisfaction Rating** than others.[1]
- Organizations which have a higher amount of strategic and informational projects (as a percentage of all projects) report generating **35% higher revenue per employee**.[1]

Developing a program vision and a business case can increase the success of any business transformation effort by:

- Outlining exactly what changes are required and what amount of benefit those changes are expected to produce
- Making the process tangible, avoiding the perception of change management as abstract or undefined
- Communicating in terms of business outcomes and benefits, speaking the executives' language
- Bringing all executive and functional leaders and stakeholders together to craft common goals
- Setting clear targets against which success will be judged
- Ensuring that quantitative goals for a project map to and are aligned with the organization's strategic objectives

BEST PRACTICES

- All functional areas that will be involved in implementation and affected by planned changes are included in the process of preparing and/or reviewing the business case
- The business case contains an executive summary, problem statement, assessment, solution, value proposition, cost-benefit analysis, timeline, and recommendations
- The organization creates detailed quantitative business cases for all major implementations, including all benefit areas with proposed operational changed and impacts
- There is a clear and documented linkage between the organization's strategic objectives and each business case objective
- Business cases incorporate financial outcomes into the annual operating plan or budget
- Business cases follow a clear and consistent, standard, company-defined format
- Business case assumptions are validated by internal or external benchmarks to ensure they are based on realistic expectations
- The organization aligns its portfolio of projects with business goals and strategies while analyzing risk and performance

"Without a sensible vision, a transformation effort can easily dissolve into a list of confusing and incompatible projects that can take the organization in the wrong direction or nowhere at all."[2]

--Dr. John P. Kotter

The Konosuke Matsushita Professor of Leadership, Emeritus, at the Harvard Business School, a New York Times best-selling author, the founder of Kotter International , and a well-known thought leader in the fields of business, leadership, and change

1. SAP Performance Benchmarking 2014 2. Harvard Business Review, *Leading Change: Why Transformation Efforts Fail*, 2007

Executives sponsors typically include a combination of following for SAP Ariba business transformations:

- Chief Financial Officer (CFO)
- Chief Information Officer (CIO)
- Chief Procurement Officer (CPO)
- Chief Operating Officer (COO)
- Chief Technology Officer (CTO)
- Chief Accounting Officer (CAO)

KEYS TO SUCCESS

Executive Sponsorship

WHY THIS MATTERS

- When asked to identity the key contributors to the success of their change initiatives, participants **identified active and visible executive sponsorship as at the top of the list**[1]
- However, **only 63% of projects and programs have assigned executive sponsors**, suggesting that organizations are not fully recognizing the importance of the role[2]
- **12% lower SG&A Expenses (% of revenue)** for organizations where an office of strategic planning exists and has executive support to enable the execution of strategic objectives[3]

Executive Sponsorship can increase the success of any business transformation effort by:

- Increasing the likelihood the goals of the project are aligned with the overall company strategy
- Increasing company wide support
- Ensuring goals are perceived as important
- Having a strategic advisor
- Increasing the accountability of project manager / director
- Removing roadblocks
- Creating influence

BEST PRACTICES

- The CEO and Board are sponsors of digital innovation, ensuring that it is on the management agenda, has executive sponsorship and clearly articulates a vision focused on the customer[3]
- Projects are sponsored by executives with specific targets and can be monitored, measured, analyzed, and controlled to enable, support and sustain continuous improvement[3]
- Executives are responsible for evaluating, approving and sponsoring expected benefits/value/outcome of projects with business case
- Executives look at the big picture and act as a quality corporate citizen, removing cross functional barriers that limit strategic goals
- Executive sponsor is the advocate & champion of the program, evangelizing both internally and externally
- Executive sponsor meets periodically with project manager to provide leadership support on progress, challenges, and roadblocks
- Staff are recognized and rewarded f as project goals, quick wins and milestones are successfully accomplished
- Management and executives rely heavily on robust finance shared services analytics and reports to drive business decisions[3]
- The shared services leadership frequently communicates with the CEO and other senior executives to align shared services strategy with corporate objectives[3]
- Executive sponsors govern project risk

1. Prosci, *Executive Sponsor's Importance and Role*, 2016 2. Project Management Institute, *Executive Sponsor Engagement: Top Driver of Project and Program Success*, 2014 3. SAP Performance Benchmarking 2017

KEYS TO SUCCESS

Governance

WHY THIS MATTERS

Organizations where IT and business can jointly plan and manage their project portfolio in order to ensure correct disposition of project-related resources report **41% higher occurrence of IT projects generating positive ROI** than others.[1]

Governance can increase the success of any business transformation effort by:

- Ensuring ongoing and consistent monitoring of program process and completion of goals
- Providing regular involvement of and interaction with senior management to keep on track
- Increasing accountability
- Providing an avenue for bringing stakeholder groups together
- Facilitating issue escalation, when necessary, to remove project roadblocks
- Raising awareness of success as milestones are achieved

BEST PRACTICES

- The project delivery team meets regularly (weekly or biweekly) to discuss tactical status updates, accomplishments, next steps, and escalations of critical issues
- Status updates are documented and sent to participants prior to meeting
- A steering committee with executive sponsorship is established
- The project lead meets with steering committee on a frequent basis (every 4 – 6 weeks) to discuss status updates, accomplishments (specific financial and business outcomes) , next steps, and escalations of critical issues
- 1 on 1 meetings with project lead and individual key stakeholders take place prior to steering committee meetings
- Action items from each steering committee meeting are captured and status update provided on action items is the first item on the agenda during the subsequent meeting
- Progress of projects is monitored and compared against plans for steering committee meetings, variations are reported and if required, corrective action is taken
- Senior leadership regularly reviews current resource allocations among different projects and takes timely decisions on urgent resource requirements
- The organization has established tools for managing project resources and financials throughout each phase, from initiation to closure

Sample Steering Committee Meeting Agenda

- Welcome - Executive Sponsor
- Review of Progress Against Goals - Functional Leads
- Disposition of Previously Raised Escalations – Functional Leads
- Presentation of Newly Escalated Issues – Functional Leads
- Discussion and Agreement on Responses – Executive Sponsor
- Scheduling of Next Committee Meeting

1. SAP Performance Benchmarking 2014

KEYS TO SUCCESS

Success Measurement

Source to Settle Examples

Source & Contract

- COGS as a % of Revenue
- Cost savings

Manage Supply Chain

- Days Inventory Outstanding
- Inventory Carrying Cost
- Excess and Obsolescence

Request & Buy

- Cycle Time to Create PO
- Spend on contract
- % of spend with PO

Invoice & Pay

- Days Payable Outstanding
- Payment Terms
- Discount Capture
- Payment Performance

WHY THIS MATTERS

- **53% higher revenue growth (in %)** for organizations where the finance organization is actively involved in the design and execution of the balanced scorecard used to connect strategic to operational goals at staff and leadership levels[1]
- **24% lower SG&A Expenses (% of revenue)** for organizations where ownership and accountability has been assigned for all key metrics to ensure that mitigating actions are executed promptly once a metric falls out of the acceptable range[1]
- **Only 24% of organizations rate their KPI & governance strategy** in source to settle as high[2]
- **46% higher revenue growth** for organizations where the organization recognizes information as a strategic key asset[1]

Success Measurement can increase the success of any business transformation effort by:

- Empowering executive management to make strategic decisions
- Reducing internal debate of performance and anecdotal hearsay
- Quantifying the value proposition and sizing the prize
- Tracking and monitoring on-going performance, during and after business transformation for lagging performance after root cause
- Identifying root cause and develop corrective action
- Increasing accountability and ownership

BEST PRACTICES

- Performance is measured at the most granular and operational level. It's difficult to truly evaluate performance, identify root cause and develop corrective action without very granular visibility
- Metrics are selected that can truly be measured
- Corporate goals are defined to align strategy with initiatives, metrics, risks, people, and tasks
- All of the metrics and KPIs that are needed to monitor, measure, analyze and control performance are captured easily and automatically
- The baseline, business case and targets for metrics are clearly defined to articulate what success looks like early in the process
- Segmentation and roll up / summary capabilities are built into the reporting structure and scorecards, dashboards and status reports are customized based on the audience
- Weighted averages are used where applicable. Not all transactions, measures, and indicators are created equal
- Ownership and accountability has been assigned for all key metrics to ensure that mitigating actions are executed promptly once a metric falls out of the acceptable range
- A year over year formal benchmarking process is in place; results for key metrics are communicated to internal customers
- Select the most meaningful KPIs to measure based on the key outcomes/results. Doing too much can cause programs failure

1. SAP Performance Benchmarking 2014, 2. Ariba Live 2017 Micro Survey

KEYS TO SUCCESS

Process Refinement

WHY THIS MATTERS

23% lower IT Spend (% of revenue) and 33% higher Business Satisfaction Rating for organizations that has established common, simple and streamlined IT and business process standards[1]

Process refinement can increase the success of any business transformation effort by:

- Clarifying and detailing process changes that need to be adopted by teams and individuals in order for the program to be successful
- Bridging technology and business operations
- Removing the need and cost of maintaining specialized technical skill sets in-house
- Reducing distractions from an enterprise's main focus
- Increasing consistency in operations
- Adopting best practices
- Aligning resources
- Identifying actual and potential bottlenecks
- Enabling the quantification of cycle times

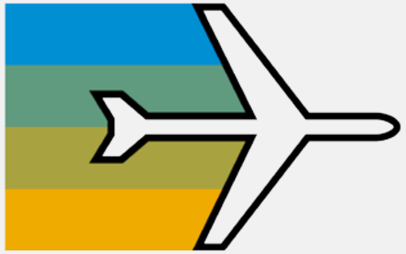
BEST PRACTICES

- Stakeholders are trained in effective process execution
- Clear roles and responsibilities are defined by process
- Compliance, risk tolerances, and efficiency factors are considered
- Processes are easy to use and user friendly
- The organization has established common, simple and streamlined IT and business process standards. Where alternative options for users exist, ensure differences, advantages, and disadvantages are understood
- Processes are clear, simple and detailed at the activity level
- Business processes are flexible to adapt to changing business needs
- Solution documentation covering main business processes and system landscape is in place and regularly maintained
- Business KPIs measure the success of the business process execution and also to detect deviations from the process flow
- Benchmarking is used on an ongoing basis to drive business process improvement
- Process changes are rolled as part of a clear communication plan including clarity of why change is important and the ultimate business outcomes the process is contributes
- Dependencies / touch points between teams and roles are clearly articulated to mitigate the domino effects of a narrow focus

Symptoms of broken processes[2]:

- Unhappy customers
- Things just take too long
- High errors, hence there is rework, scrap, waste
- Processes are not measured nor controlled
- Too many reviews and signoffs
- Exceptions, complexity, and special cases cause havoc
- Established procedures are circumvented to expedite work
- Management throws money and people at the problem, but it doesn't improve
- Mistrust between departments
- Conflicts arise between departments due to competing goals
- Constant fire fighting with some fires reoccurring
- Employee frustrations

1. SAP Performance Benchmarking 2017 2. BPM Institute, *The Value of Improving and Managing Processes*, 2017



KEYS TO SUCCESS

Flight Planning

Consider these factors during the flight planning process:

- Alignment to business case & ROI
- Category and process experts
- User readiness
- Supplier readiness
- Spend data
- Solutions in scope
- Innovations

WHY THIS MATTERS

- As Benjamin Franklin stated, **"If you fail to plan, you plan to fail"**.[1]
- On average, **large IT projects run 45% over budget and 7% over time, while delivering 56% less value than predicted.** Missing focus and execution issues accounted for more than half the issues identified.[2]

Flight Planning can increase the success of any business transformation effort by:

- Providing a detailed roadmap to realizing ROI in a timely and realistic manner
- Aligning stakeholders on timeline and rollout strategy
- Tracking program progress
- Keeping the team focused on the program goals
- Managing time and resources more efficiently
- Prioritizing activities
- Minimizing fire fighting
- Facilitating communication
- Clarifying expectations

BEST PRACTICES

- The business case and program goals are current. Spend data driving the flight plan is up-to-date and accurate
- Feedback, buy-in and support of the flight plan obtained by key stakeholders
- Plan is broken down by phase and incorporated into the governance and communication strategy
- Flight plans are centrally stored and shared with key stakeholders
- A pilot/proof of concept is incorporated into the flight plan followed by a phased implementation. Focus is on high-priority goals and tangible results in early phases to realize early successes
- Phased rollouts are based on various practical characteristics aligned to business goals and adoption strategy such as geography, spend categories, transaction volume, business units, departments, etc
- Each phase is resourced with skilled internal and external team members to serve as subject matter experts as required to achieve desired outcomes
- Success is measurable with each phase
- Success stories or early wins are communicated to ease fears and build momentum for future phases. Early wins build confidence in the program and help sell the benefits to the rest of the organization
- Best practices and lessons learned are captured and built on through the project lifecycle; evolving, making adjustments and striving for excellence

1. Benjamin Franklin 2. McKinsey & Company: Michael Block, *Delivering large-scale IT projects on time, on budget, and on value*, 2012

KEYS TO SUCCESS
Resource Planning

WHY THIS MATTERS

- The ability to align and mobilize an organization to execute strategy is integral to a leader's success[1]
- The number one concern with companies current strategy-setting processes was their inability to achieve company alignment with the strategic plan.[2]

Resource Planning can increase the success of any business transformation effort by:

- Bridging the gap between traditionally separate functions
- Increasing engagement
- Enhancing business performance
- Aligning organization structures to corporate strategies
- Providing accountability

BEST PRACTICES

- Experienced program management office (PMO) used during planning and execution phases
- A Center of Excellence(COE) is established and aligns to the business process. COE ensures alignment of goals and adoption of program
- 17% higher business satisfaction rating for organizations where the COE is perceived as a key enabler of business strategy by company leadership[3]
- Focus on resource development to build capabilities but also to drive attraction and retention
- Obtain buy-in and commitment from leaders to ensure top resource availability and engagement
- Clearly define roles and responsibilities. Include KPI's for performance measurement
- Adjust and align resources for every phase of the project including planning, execution, and adoption
- As efficiencies are achieved, existing staff is redeployed to more strategic functions
- Include cost of any additional required resources in business case
- Assign strong resources who have proven ability to drive change and adoption

Stages to Assess Resources

Planning

Strategy focused

Execution

Project focused

Adoption

Steady state focused

1. McKinsey & Company, *How Do I Implement Complex Change at Scale?*, 2011 2. McKinsey & Company, *How Do I Align and Mobilize My Organization to Execute Strategy?*, 2009 3.SAP Performance Benchmarking 2017

Key policies to evaluate during SAP Ariba business transformation:

- Supply Chain
- Sourcing
- Purchasing
  - Competitive Bids
  - No PO No Pay
  - Supplier Non-Compliance
  - Preferred / approved supplier
- Internal buying
- Delegation of authority
- Compliance and risk management
- Receiving
- Payments
- Pcard usage

KEYS TO SUCCESS

Supporting Policy

WHY THIS MATTERS

14% lower IT Spend (% of SG&A) for organizations that enforces a policy across all relevant business units to capture the information on business processes, information entities and systems in the landscape[1]

Supporting policies can increase the success of any business transformation effort by:

- Illustrating and documenting best practices
- Ensuring that internal and external stakeholders understand what's changing and what's required
- Embedding compliance in the organizational culture
- Aligning policies with project and business goals
- Providing guidance and alleviating uncertainty of what's expected
- Establishing the penalties for non-compliance

BEST PRACTICES

- Policies are drafted that clearly lay out both acceptable and unacceptable actions, guidance on compliance and information regarding potential penalties for noncompliance
- New policies are championed by an executive sponsor
- To the extent possible, policies are converted to enforceable rules that are defined and applied via automation
- New policies are embedded into contracts or terms and conditions where impacted
- Policies that govern or restrict partner behavior are clearly communicated, with reminders as necessary
- Internal stakeholders are trained on their obligations and on what is expected from external partners, so that any inquiries from those partners receives the same answer regardless of whom they contact
- The organization has processes to clearly communicate policy requirements during onboarding and manager education programs
- The organization leverages analytics and dashboards for tracking policy violations and creating compliance reports
- Process control policies are centrally documented and there is proper distribution and acknowledgement of new policies and policy changes

1. SAP Performance Benchmarking 2014

KEYS TO SUCCESS

Cross Functional Collaboration

WHY THIS MATTERS

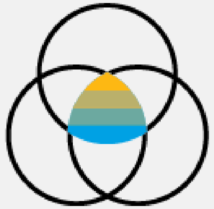
- **51% of CFOs collaborate more often with their company's CIO** today versus three years ago[1]
- **75% of cross functional teams are dysfunctional**[2]
- **61% of operations leaders believe cross-functional collaboration has the greatest potential** for helping their company reach its strategic goals for operations[3]

Cross functional collaboration can increase the success of any business transformation effort by:

- Reducing independent/functional focus
- Breaking down silos
- Increasing corporate citizenship for the greater good
- Reducing overlapping/competing objectives that often require re-work
- Consider impacts and dependencies of other teams
- Increasing teamwork
- Proving alternative views of problems and potential solutions
- Increasing learning exposure
- Challenging preconceived notions
- Improving trust

BEST PRACTICES

- Cross functional teams are used to meet complicated and strategic objectives
- Strategic targets are defined at the group level[4]
- Accountability is spread across functions[4]
- Specific team member(s) of change management are assigned to initiatives to culture resistance and help connect teams end to end[4]
- Clear touch points and SLAs are defined and joint policies are mutually rolled out
- Processes are reviewed end to end in their entirety as opposed to by function or role[4]
- The organization has systems in place that enable collaboration across departments and teams, regardless of geographical locatio[5]
- The organization provides historical, current, and predictive insights on performance for contextual analysis and cross functional consensus[5]
- Information is shared and not held under lock and key
- Team members are often rotated through different functions
- Balance collaboration efforts and individual goals without making it a time consuming formality. **The amount of time people spend in meetings, on the phone, and responding to e-mails is 80%**[6]



"**Bad collaboration is worse** than no collaboration."[7]

-- Morten T. Hansen

Morten T. Hansen is a management professor at the University of California, Berkeley and at INSEAD.. He is the author of Collaboration and the winner of the Administrative Science Quarterly Award for exceptional contributions to the field of organization studies. Previously a manager with the Boston Consulting Group, Morten consults and gives talks for companies worldwide.

1. Robert Half, *5 Ways CFO and CIO Collaboration Can Benefit the Business*, 2016 2. Harvard Business Review, *75% of Cross-Functional Teams Are Dysfunctional*, 2015 3. PWC, *Reimagining Operations*, 2015 4. McKinsey & Company *Making Collaboration Across Functions a Reality*, 2016 5. SAP Performance Benchmarking 2017 6. Harvard Business Review, *Collaborative Overload*, 2016 7. Morten T Hansen, *Collaboration How Leaders Avoid the Traps, Create Unity, and Reap Big Results*, 2009

1 Define the Incentive Structure

2 Monitor Performance

3 Reward & Recognize

KEYS TO SUCCESS

Incentives

WHY THIS MATTERS

- **Performance increased by an average of 22%** when using incentive programs if selected, implemented, and monitored correctly.[1]
- **Team incentives can increase performance by as much as 44%**[1]

Incentives can increase the success of any business transformation effort by:

- Clearly communicating goals and expectations
- Gaining alignment
- Ensuring goals are perceived as important
- Motivating instead of dictating
- Mitigating fear of the unknown
- Making the endeavor worthwhile on a personal level
- Recognizing and rewarding those who perform well
- Creating a success driven culture

BEST PRACTICES

- Corporate strategies and goals are linked to operational targets and incentives (cash, cost, risk, service, process improvement, compliance)
- Incentives are aligned with the outcomes of the implementation projects[2]
- Operating metrics for initiatives are linked to financial measures, including incentive plans[2]
- The incentive structure is balanced and contains goals for individual and team, financial and non-financial, and short, medium and long term
- Executives support, sponsor, and provide guidance on incentive structure
- Cross functional incentives are supported in a collaborative environment, not silo-ed
- Metrics, targets, current state, roadmap, roles and responsibilities, and future state are defined, have group buy-in, and are understood by stakeholders
- Incentive targets need to be realistic and achievable while also being inspirational and seen as worth it
- Staff are recognized and rewarded f as project goals, quick wins and milestones are successfully accomplished
- Alternative and creative rewards programs are considered such as apps, portals, and websites with trivia, education, and updates

1. Incentive Research Foundation *Incentives, Motivation and Workplace Performance: Research and Best Practices*, 2010 2. SAP Performance Benchmarking 2017

KEYS TO SUCCESS

Training

WHY THIS MATTERS

- Yet more and more, organizations need highly capable employees—**90%** of the respondents to a recent McKinsey Quarterly survey said that **building capabilities was a top-ten priority for their organizations**.[1]
- **Inadequate training is one of the biggest obstacles companies face** when implementing new technology; not cost, not politics, not software, but training.

Training can increase the success of any business transformation effort by:

- Easing employees into accepting change
- Increasing efficiencies in processes and consistencies
- Increasing job satisfaction and morale
- Increasing employee motivation
- Decreasing in time and money lost due to mistakes
- Increasing compliance to processes and policies

"It is relatively easy to change your technology or to create new business processes, but the difficult part in any change initiative is the people. Changing people's attitudes and behaviors is the greatest challenge in implementing new software systems, and one that can be easily overlooked. Not following through on the human component of software implementation can result in increased costs and reduced productivity through sub-optimal performance, more errors and longer implementation times."

– Elliot Masie, MASIE Center Learning & Technology Think Tank[2]

BEST PRACTICES

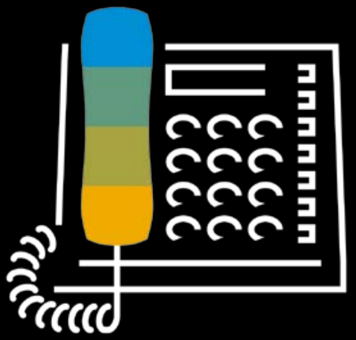
- Start with the "why". The organization, department and end user benefits are clearly communicated. WIIFM! Everyone wants to understand "what's in it for them"
- A clear training strategy and execution plan is developed that ties to the broader adoption plan and roll out strategy.
- Training is focused on the role and how the system helps supports the role. Training should not be solely focused on the system
- A solution that has built in training/help in the solution is considered and focused on additional training for company specific content
- Analytics and dashboards are leveraged to track progress and develop targeted and adaptive training programs for end users[3]
- A learning system is used that focuses training and development courses based on specific requirements or gaps[3]
- The organization facilitates role based training for employees, with a targeted curriculum per role and access to trainings for further development[3]
- eLearning is maximized and classroom based training is minimized
- eLearning is modular and short for easier consumption and maintenance
- Use what if scenarios, case studies and role plays where possible to model the future, desired behaviors
- Liven it up! Training is fun, engaging, and interactive. Employees should walk away stimulated and energized

Consider the different audiences that may need role specific training:

- General users
- Approvers
- Procurement
- Accounts Payable
- Suppliers
- Outsourced groups
- Shared Service Centers
- Finance / FP&A
- Central functions (e.g. receivers)

1. McKinsey & Company: Jenny Cermak, *Putting a Value on Training*, 2010 2. MASIE Center Learning & Technology Think Tank: Elliot Masie, *Intelera Software Implementation Challenges and Solutions Whitepaper*, 2015 3. SAP Performance Benchmarking 2017

Communication



The EDICT Framework:

- **Expectation:** Inform external partners and what you want them to do
- **Deadline:** Set deadlines **Incentive:** Provide an incentive for participation
- **Consequence:** Establish realistic and executable consequences for non-compliance
- **Togetherness:** Assure your external partners that these changes are mutually beneficial; you are in this together

WHY THIS MATTERS

- Highly effective communicators achieve far better project results than minimally effective communicators, including:
  - **Meeting original goals 80% of the time as opposed to 52%**
  - **Delivering on-time 71% of the time compared to 37%**
  - **Delivering within budget 76% of the time compared to 48%**[1]

Communications can increase the success of any business transformation effort by:

- Increasing knowledge and awareness
- Informing everyone involved of what will or won't be changing
- Providing insight into the reasons why the changes are being undertaken
- Supporting internal stakeholders with all of the information they need to inform external stakeholders
- Recognizing and rewarding achievements
- Improving planning
- Defining communication responsibilities

BEST PRACTICES

- Communications are crafted and scheduled according to a strategy that defines who needs to be informed and what that audience should do in response, always including a clear **call to action**
- Formal communication plans are incorporated into transformation project planning
- Communications is an ongoing practice, with content repeated as necessary to remind recipients and keep the importance of the project top-of-mind
- Communications are sent not only to those directly impacted, but to indirect stakeholders as well
- Supporting materials are made available and accessible for those seeking additional information
- Internal stakeholders are informed about the project enough to answer external questions – or, at least, to know the correct contact to whom they can be referred
- Broad communications to many stakeholders are short, simple, succinct and to the point
- External messaging is crafted following the EDICT framework (see sidebar)

1. Project Management Institute, *Communication: The Message Is Clear*, 2013

SAP Ariba

Thank you.

Run Simple