



CASE STUDY SERIES



MINI CASE STUDY #1/2017

DELIVERING SUCCESSFUL ERP THROUGH WELL MANAGED ORGANIZATIONAL CHANGE: UNOPS

ABOUT the UNSSC

Since its inception, the United Nations System Staff College has sought to catalyze interagency collaboration and equip UN staff with the skills and competencies to face evolving global challenges. The College serves as a distinct, system-wide, knowledge-management and learning institution. Its mission is to contribute to a more effective, results-oriented and agile United Nations through learning, training and knowledge dissemination.

With the adoption of Agenda 2030, the College has further channelled its energy towards enabling the UN system to achieve the vision of universality and interconnectedness by establishing the following:

- The Knowledge Centre for Sustainable Development in Bonn (Germany) which builds substantial knowledge around Agenda 2030
- The UN Lab for Organizational Change and Knowledge (UNLOCK) — a programme entirely devoted to organizational change and transformation

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UNLOCK Case Studies have been prepared as part of a range of initiatives designed to foster necessary change throughout the UN system. Subjects have been chosen because of their relevance to agencies and staff across the system, as well as the potential to stimulate learning and knowledge sharing that leads to the practical steps required to build a stronger UN. The opinions and statements presented here do not necessarily represent those of the UNSSC.

Our mini case study series is a collection of agency-specific case studies of the same said topic: ERP and Organizational Change. Our author worked closely with each agency featured in our 'DELIVERING SUCCESSFUL CHANGE WITH ENTERPRISE RESOURCE PLANNING (ERP) SYSTEMS' case study, gathered additional data and honed in on the agency-specific context and ways change was managed.

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DELIVERING SUCCESSFUL ERP THROUGH WELL MANAGED ORGANIZATIONAL CHANGE: UNOPS

In the pursuit of change, **most United Nations organizations have invested in ERP systems**, seeking to contain costs as well as improve operational performance, efficiency and internal controls. Evidence indicates that **realizing intended benefits has often proved challenging**, and that the extent to which benefits accrued has **depended largely on how change has been managed**. Recognizing the significance of such implementations, UNLOCK has examined and compared the experiences of four entities, selected to highlight key lessons for people pursuing change in the UN, not just in the context of ERP systems.

Among these cases, UNOPS is unique, as it recently implemented its second ERP system. In partnership with UNDP, UNFPA and UN-Women, UNOPS implemented the “Atlas” PeopleSoft-based ERP system platform. Then, in 2016, **the organization moved to a new system**, based on Unit4 Business World. A 2012 study had

found that **UNOPS was suffering from a high degree of fragmentation of IT systems and data. Atlas covered only 34% of process areas**, and in-house systems covered 27%; 39% of processes did not have any IT system coverage. Added to this, **UNOPS Strategic Plan of 2014-2017** highlighted the need for an ERP system that could support a more agile organization focused on excellence in business relationship management. UNOPS concluded that **the replacement of Atlas with a dedicated ERP system had the potential to deliver a dramatic cost reduction as well as improvements in system functionality**.

Compared to the previous state, it is expected that the new system (called “oneUNOPS”) will cover 76% of process areas, with 10% being supported by in-house systems, leaving just around 14% uncovered. Only limited customization of the new system should be required, as effort has already been devoted to

streamlining processes and aligning these with best practices. The organization's prior experience in implementing Atlas has also left it well prepared to successfully manage change associated with ERP systems. The introduction of **oneUNOPS was built on a compelling case for change, and benefitted from high-profile sponsorship from senior leadership**, reinforced by intensive training activities, and targeted communications. At least from the perspective of those managing the change, to-date the implementation of oneUNOPS – which is still underway – has largely been absent of the kind of intense pressures that have characterized similar

initiatives elsewhere in the UN system.

The early stages of the implementation have focused on replacement of elements previously supported by Atlas and therefore familiar to users; with the introduction of the new functionality and ways of working still to come. Therefore, **in some ways, the major organizational changes might still be to come, the challenge for UNOPS being to adapt its approach to change management, focusing more effort on those that can help bring about the kind of behaviour change that is likely to be demanded by the new functionality.**

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THE SIGNIFICANCE OF ERP SYSTEMS TO CHANGE IN THE UN

Enterprise Resource Planning (ERP) systems offer many potential benefits to the UN. Fundamentally, they enable organizations to integrate data and business processes under a unified information system sharing a common set of data, while their modular design allows the selection of specific functional applications – such as finance and accounting, human resources management and supply chain management – most relevant to the needs of an organization.

These applications can then help organizations to automate and integrate business processes, and people to produce, share and access real-time information. **Because ERP applications have been designed to support “standardised” business processes, their introduction can**

promote good practices and thereby enhance operational efficiency, accountability and organizational performance.

Such benefits have long been recognised and pursued by UN entities, with varying degrees of success. A 2012 review conducted by the Joint Inspection Unit (JIU¹) encompassed 21 entities that were at varying stages in the implementation of ERP systems. At the time of the review, UNOPS (together with UNDP, UNFPA and UN-Women) was using the “Atlas” PeopleSoft-based ERP system platform. For a variety of reasons explored in this case study, and driven by its 2014-2017 Strategic Plan, **UNOPS has moved to a new system (Unit4 Business World²).** Research was conducted into what UNOPS aimed to achieve through this

¹ “Review of Enterprise Resource Planning (ERP) Systems in United Nations Organizations”; Joint Inspection Unit, Geneva, 2012.

² Formerly “Agresso”.

move to a new ERP system and how change management contributed to realization of these aims, to **help identify what change management tools and techniques are most likely to work under different circumstances**. This was done in collaboration with representatives of UNOPS, through a series of discussions and document reviews. Given the case study methodology, it was not possible to independently validate the conclusions expressed in this document with Atlas users.

UNOPS' REASONS FOR AND APPROACH TO CHANGE

As with the other partner agencies, Atlas was implemented at UNOPS in 2004, with a significant upgrade (Wave II) implemented between 2005 and 2007.

The Atlas partnership, while reflecting the operational interdependence of the agencies, aimed to increase harmonization of project accounting while reducing system investment costs for all partners.

The expectation was that this balance could be achieved by leveraging the commonality of the organizations' accounting standards, and project budgeting and transactional business processes, integrating these in an ERP system.

In common with other partners, UNOPS did reap some of the benefits from Atlas, particularly from the integration of various business-critical processes. However, it also encountered some **frustrations, at least partly due to the compromises that were being made in developing and operating a common platform.**

While UNOPS had some scope to modify applications to meet its user needs, the feeling was that the ERP system was not evolving in

line with its strategic needs. This concern was thoroughly investigated in 2012 when, as part of an organizational wide review of IT systems, UNOPS **initiated a study to evaluate its current systems and their alignment to its business to achieve system improvements and cost savings.**

The study found that **UNOPS was suffering from a high degree of fragmentation of IT systems and data at all levels of the organization.** The review also highlighted that this fragmentation was **severely limiting the flow of information within numerous essential business processes**, such as "project to schedule and resourcing", "resources to payments", "recruitment to personnel", "contracts to milestones", and "milestones to payments".

This problem was in some cases **compounded by patchy coverage of IT systems; Atlas covered only 34% of process areas, with in-house systems covering 27% and a full 39% having no IT system coverage** (see Exhibit A). Combined, these system deficiencies were **diverting much focus and energy away from service delivery and achieving UNOPS' aspirations** to simply managing the systems.

Exhibit A:

Mgt. Inform.	MI and Reporting	Financial Analytics	Operational Analytics	Workforce Analytics	Procurement Analytics					
Project Admin.	Service Delivery	Project Planning and Scoping	Project Budgeting	Project Execution	Project Accounting	Time Writing	Project Closing	Project Reporting	Stakeholder Mgt	
Procurement	Strategic Sourcing	Contract Mgt ICA	Contract Mgt Suppliers	Supplier Rel. Management	Procurement	Tendering Commodities	Consultants Tendering			
	Transactional Procurement	Purchase Request	Catalogue Mgt (incl.LTA)	Commodity Mgt	Supplier Collaboration					
Corp. Gov.	Corporate Governance	Audit Information System	Internal Audit	Mgt of Internal Controls	Risk Management	Segregation of Duties	Ethics	Workflow Mgt	Whistleblower Complaints	
Finance and Control	Treasury	Treasury and Risk Management	Cash and Liquidity Mget	Investment Mgt	Bank Accounting (interbanking)					
	Financial and Management Accounting	General Ledger	Accounts Payable	Accounts Receivable	Fixed Assets (incl. project asst.)	Fleet Mgt	Op. Advances & Petty Cash	Position Mgt		
Human Resources	Workforce Process Mgt	Employee Administration	Staff Record Mgt	Organizational Mgt	Payroll (personnel)	Tax Accounting	Inventory Accounting			
	Talent Mgt	Learning Mgt	Recruiting	Career Mgt	Succession Mgt	Profitability Accounting				

LEGEND	Currently in PeopleSoft	Currently not Supported	Currently unOPS Solution	Currently not used
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As the study progressed, it **took heed of the UNOPS Strategic Plan of 2014-2017, which focuses on sustainability and organizational excellence with the aspiration to be a development partner providing world class services.** This highlighted the need for an ERP system that could enhance and facilitate business relationship management, business intelligence and analytics, institutionalization of UNOPS' programme, and the integration of any related functionality of significant value. Analysis showed conclusively that **the replacement of Atlas with a dedicated ERP system had the potential to deliver not just a dramatic cost reduction³ but**

also improvements in functional areas not currently covered by the common ERP facility. Consequently, in 2014 UNOPS started the process of implementing its own ERP system as a critical component of its Business Innovation and Improvement Programme (BIIP), culminating in the launch of oneUNOPS, the organization's new ERP system, on 1 January 2016. It was estimated that the new system would cover 76% of process areas, with 10% being covered by in-house systems, leaving just around 14% uncovered. This increased integration was in turn expected to deliver numerous benefits to users as well as cost advantages.

HOW CHANGE WAS MANAGED AT UNOPS

A major driver for UNOPS was the need to be agile and flexible. As an operational arm of the UN, UNOPS derives its credibility from its ability to meet the expectations of its stakeholders. To this end, it was believed that a more agile IT system would enable such projects to be delivered more quickly, and/or with less effort. A major aim of the new ERP system was to increase various dimensions of organizational agility, specifically strategic agility, portfolio agility and operational agility. In delivering on these aims, **two factors tended to reduce the need for customization of the new system.** First, including through its involvement in the Atlas partnership, UNOPS had already been striving to streamline internal processes as much as possible. Second, in parallel, UNOPS had sought wherever feasible to adopt industry best practices in the main areas of its operations – project management, infrastructure and procurement. This emphasis on standardization had helped UNOPS become more effective in, for example, accounting for liabilities. It was expected that **this standardization would also help reduce the**

degree of disruption that system users would experience through the replacement of Atlas with oneUNOPS.

The potential advantages of oneUNOPS were therefore substantial. Nevertheless, **UNOPS was aware that the introduction of large-scale IT systems or similar changes are often met with resistance.** Previous ERP implementation experiences within UNOPS as well as outside the organization addressed this risk in various ways, including through the following measures:

- **Creation of a compelling rationale for change:** efforts were made to understand the views of users, managers and executive leadership - their aspirations, frustrations and needs in serving partners of UNOPS. The rationale for change was multi-faceted and based on extensive dialogue in the organization about business needs, strategic requirements, risks, partner demands and operational necessities;

³ The cost of implementing and running Atlas over 12 years (2004-2015) was \$18m. Various in-house systems were developed to complement Atlas and the cost of these systems over the same period was estimated at \$13m, giving a total system cost of \$31.5m. The investment into oneUNOPS is estimated at \$10m over five years.

- **Ensuring the project had strong executive backing:** the rationale for change had the full weight of executive leadership behind it. It was clear from the outset that the success of the programme would depend on the support of the Senior Leaders; and

number of stakeholders, establishment of a champions network, and comprehensive face-to-face and online training delivered to hundreds of practitioners at different levels throughout the organization.

- **A robust change management approach:** the programme used a series of change management approaches such as a change readiness assessment, a campaign approach to communication with a wide

This focus on understanding the potential impediments to successful change led to the **identification of specific challenges as well as the steps necessary to manage them**, as summarized below.

Challenge	Mitigation steps
Issue of ownership: simply another IT system vs. a new way of working?	<ul style="list-style-type: none"> » Held Corporate Operations Group (COG)⁴ meeting to have all directors agree and sign-up to the project. » Performance management goal that related to support of directors to the ERP implementation – challenge of influence vs. direct supervision. » Every practice seconded their “best” to the project as “Process Coordinator” to link practice knowledge and expertise to ERP implementation (in practice, this did not always work as envisaged).
Change fatigue within the organization. Several significant change initiatives were taking place simultaneously – such as restructuring of the regional offices, and relocation of the key functions from HQ to the field.	<ul style="list-style-type: none"> » Built urgency for change – through, for example, town hall meetings, WebExes and tailored presentations. » Demonstrated that oneUNOPS success was the priority for senior management. Executive director involved in communication about oneUNOPS. » Highlighted benefits and managed expectations – through creation of a strong business case, supported by systematic communication campaign. » Rolled out programme in three stages, avoiding the risks and pressures of implementing all at once.
Addressing political nature of decision making within UNOPS.	<ul style="list-style-type: none"> » Stakeholder assessment and engagement plan. » Built bridges between groups/teams that find it difficult to cooperate; building on common benefits. » Strong accountability.
Engagement and management of diverse group of organizational stakeholders.	<ul style="list-style-type: none"> » Stakeholder assessment and engagement. » Campaign based communication plan. » oneUNOPS champions network (superusers). » Individual relationship building with the key stakeholders. » Workshop/training in the field.

⁴ The Corporate Operations Group (COG) is one of three main management groups that meets monthly to advise on strategic issues for the medium and longer term. The other two are the Senior Management Group and the Global Leadership Group.

The system is currently being rolled out and is not fully functional in all areas, but **initial feedback suggests that the following worked well:**

- **Meeting expectations:** UNOPS met expectations in terms of timelines for going live and being on budget. It provided a well-working system (although some people would have liked more functionality), and usability, with 70% of those surveyed responding that it was easy to use. While too soon to draw final conclusions, there are indications that the system has surpassed the expectations of partners in certain areas (for example, UNOPS is now sending pay-slips to partners such as UNHCR, which it was not able to do before);
- **System adoption by users:** adoption assessments show that there are still many challenges to address, but overall people are making increasing use of the system. UNOPS senses that the organization is moving from a “this is broken” to “I would also like to have this” type of conversation. UNOPS plans to conduct further adoption assessments at the end of 2016, which

will likely focus on issues such as: whether oneUNOPS became fully accepted; the level of satisfaction of different stakeholders; if leaders and change champions at different levels are fully supportive of oneUNOPS; and if people believe that the changes introduced with oneUNOPS are sustainable; and

- **Culture change:** UNOPS plans to conduct assessments of the degree to which culture has changed after the project’s completion. However, initial observations suggest that the oneUNOPS implementation has been “not such a big deal” in comparison to, for example, the introduction of Atlas.

Identifying critical success factors is difficult at this stage. **UNOPS change managers point to the vital role of “champions” as well as the training programme**, with the champions proving to be a very effective way to engage people in the field and to build an ownership of the system. The champions were closely involved in development and delivery of the **training programme**, the objectives of which are summarized below.

oneUNOPS training programme objectives:

- Build common understanding of oneUNOPS processes, roles and activities
- Build user confidence for oneUNOPS functionality
- Build expertise in areas requested by office
- Improve operational capacity
- Improve organizational understanding
- Improve cross-organizational collaboration
- Understand and improve data quality
- Enable better reporting
- Enable better monitoring
- Ensure that UNOPS personnel reap all benefits from oneUNOPS
- Understand which functionality can be expected by Jan 2017

Around **15-20 two-day onsite training programmes were delivered at key offices, each one being tailored to that office's needs. Champions from nearby offices were invited to join these onsite trainings, so that they could in turn train their own offices.**

Combined with WebEx sessions and on-line programmes this approach worked well in cascading learning through the organization, thereby reducing resistance. Significantly, **around 90% of those involved as champions say they would like to continue in this role, and approximately 70% indicated they felt confident to deliver further training to their colleagues.** This represents a solid foundation from which to move forward.

WHAT CAN BE LEARNED FROM THIS CASE?

UNOPS appears to have benefitted from experience gained during the introduction and operation of Atlas. As with Atlas, the introduction of **oneUNOPS was built on a highly strategic business case**, including the realization that its first ERP system was no longer able to adequately respond to the organization's evolving needs.

It also **benefitted from high-profile sponsorship from senior leadership, while encouraging broad mobilization and engagement of staff** reinforced by intensive training activities, and targeted communications.

To help manage expectations and risks, and to minimize demands placed on staff already feeling fatigued from multiple change initiatives, **UNOPS decided to phase its system implementation**, starting with those elements that were largely replacements of existing Atlas functionality before progressing to new and potentially more challenging areas.

Also of importance has been the effort of UNOPS to standardize their processes around best practices. This eliminated customization and made it relatively simple to introduce ERP systems. In addition, it offered a path to increased efficiency and effectiveness at a

lower "total cost of ownership".

On the other hand, a drive toward standardization can be met with resistance from users, if they feel that they are being forced to adopt practices that may not be tailored to their needs; particularly if the legacy system was better customized to their practices. **There is evidence that any such resistance to change has been managed well so far.**

It is UNOPS' assessment that its **organisational culture was well conditioned to embrace the ERP system change**. Also, building on prior learning, **considerable effort was devoted to using communications to encourage staff buy-in.**

The organisational benefits of oneUNOPS for internal and external stakeholders were communicated repeatedly through various formal and informal channels to the end-users. **Consistency in the messages, focus on the benefits, and an effort to be objective** helped make the end-users receptive to upcoming changes. Once the first version of the system was developed, the project team made considerable efforts to reach out to the end-users for feedback and accommodate the proposed suggestions.

For all these reasons, at least from the perspective of those managing the change, the implementation to-date of oneUNOPS has largely been absent

of the kind of intense pressures that have been reported elsewhere in the UN system.

However, this assessment should be put into context, as the early stages of the implementation have, by design, focused on those elements that are most familiar to users. The introduction of new functionality and ways of working required to fully meet the business case, are still outstanding. Additionally, some of the analytical functionality that was available in Atlas has not yet been fully replicated in oneUNOPS. Therefore, **in some ways, the major organizational changes are still to come.**

The system changes required to meet these demands will be rolled out in 2017, and it is possible that this will get a different reaction from

users, especially given that they will be required to more significantly change their behaviours.

This ultimately will test the efficacy of the approaches taken to reduce resistance to change. The success to-date in some ways represent a risk for the future, if the promised added functionality and responsiveness does not materialize, or demands too much of users. Under such circumstances, UNOPS employee receptiveness to change could transform into dissatisfaction and resistance.

The future challenge for UNOPS may therefore be to adapt its approach to change management, to ensure expectations are managed and support behaviour change needed for the new functionality.



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