

HUMAN RESOURCE-SKILL GAP

3.1 The key element of competitiveness in the effective implementation of IT/e-procurement project is the endowment of skilled workforce. The National Task Force on IT and the Task Force on HRD in IT set up towards the late 1990s; have stated that one of the important issues in achieving India's targeted growth of IT by 2010 is the availability of quality manpower. For organisations on the cusp of the Internet age, the real resource in short supply is brainpower, the talent to give wings to visions of a future that become the present at the speed of light. India's natural resource in this knowledge economy is believed to be its pool of cost-effective skilled manpower, like the crude oil in Gulf and diamonds in South Africa. However, a deeper analysis reveals a different story. The country would be confronting veritable shortage of IT manpower.

3.2 Along with shortage, the manpower profile of IT sector is beset with a number of other issues. The quality of computer training is rated as low. The real issue is quality and not quantity. Further, there is a mismatch between the training imparted and skill requirements. What is increasingly required is trained labour for analysis and management. All these inadequacies hold back the implementation of e-Procurement Project.

3.3 A major bane of India's IT manpower sector is the job switching along with brain drain, almost a norm. Finding the requisite skilled manpower is a problem, and retaining them even more difficult. With the result, several IT projects suffer time and cost over-runs. In this manpower-intensive sector, loss of a person implies loss of knowledge, often critical, about the projects he was working on. In addition, all the investment in training is also lost out. All these are because of the very nature of IT sector; the 'technology' is embedded in people rather than machines.

✓ PROCUREMENT SPECIALISTS

3.4 One key area of change is that of the traditional purchasing role and the changes to traditional centralized versus decentralized purchasing strategies. They may essentially become one, at least for MRO, except for a small number of overseeing procurement specialists.

3.5 One thing that is certain is that the role of the purchasing professional will change dramatically over the next few years (see figure 3.1). There is a good deal of speculation as to what this role might become. Certainly, any position that currently deals with paper-based transactions will be gone, and depending on how extensively a organisation pursues a strategy of buying via the impersonal e-markets and third-party trading hubs, the role of relationship manager will change dramatically. If a policy of close vendor ties for mission-critical direct materials continues, and strategic sourcing continues to be the manufacturing process and the comparative merits of various material and substitutes.

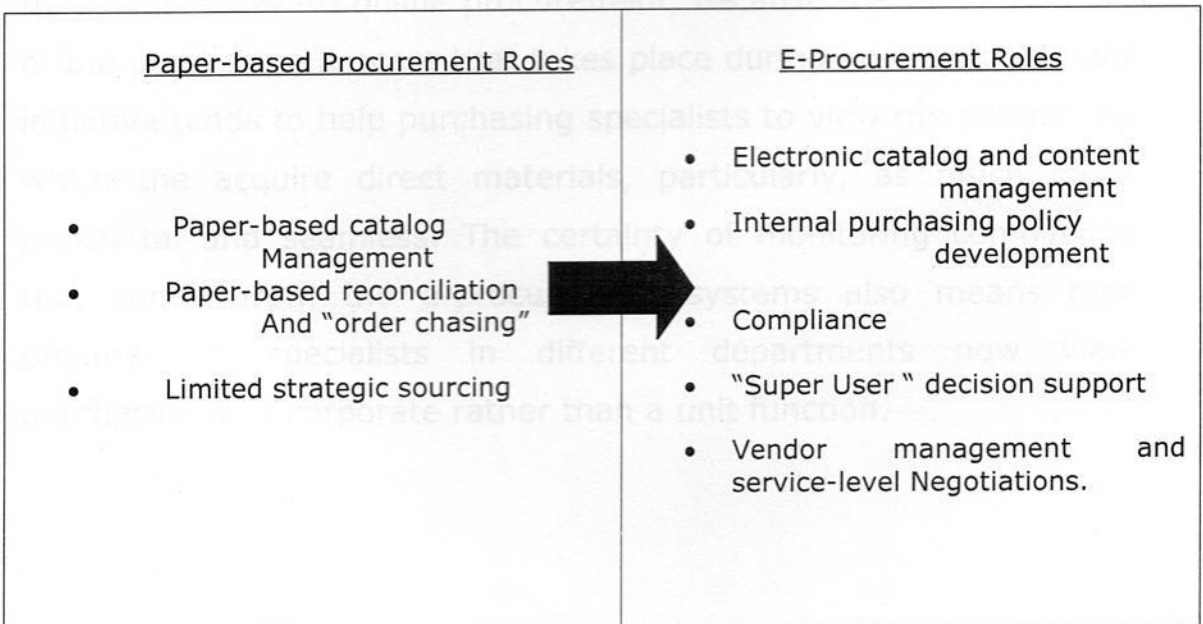


Figure 3.1 The changing role of procurement specialists.

3.6. There will also be a need for purchasing officers with good client management skills to focus not only externally on the buyer-seller relationship (contract management and strategic sourcing), but also internally, within their own firms, to ensure communication and purchasing policy effectiveness throughout the organization. Similarly, there is likely to be a need for specialists who can help develop and continuously update the rules that govern the relationships between suppliers and their companies. Someone—often a person these days known as a super user—will need to master the sophisticated decision-support tools that are becoming available in order to advise and help set the buying criteria themselves. To these we can also safely add roles for employees working on catalog management and, whatever the potential of a self-governing “self-service” procurement system, someone working on managing, or at least overseeing, compliance.

3.7 Strategic team-based purchasing is the one approach that has developed in the past several years that promises to be enhanced by this shift toward online procurement, because the rationalization of the purchasing process that takes place during an e-procurement initiative tends to help purchasing specialists to view the process by which they acquire direct materials, particularly, as much more horizontal and seamless. The certainty of monitoring compliance that comes from the e-procurement systems also means that procurement specialists in different departments now view purchasing as a corporate rather than a unit function.

The People: Main pillar of e-procurement system.

3.8 The most difficult element of any implementation relates to the people issue primarily the users and suppliers, but can include implementation team members. What this indicates is that change management is 'mission critical'. People generally resist change and in order for companies to implement an e-procurement solution successfully, the following must be included:

- A business reason – the change must make business sense to them ;
- A benefit – they must see some benefit in the change, either individually or corporately;
- Inside knowledge-people want to feel included in the process; and
- Consequences of non-compliance – even if the change makes business sense, they see the benefits and they are a part of the process, people will still revert to old habits if no consequences exist. For purposes of e-procurement following are the applicable parties and roles.
- Executive sponsorship –without strong executive support, the e-procurement initiative will fail. What is required is accountability at the executive level for putting teeth' into the new rules of engagement. If users are allowed to select their preferred method of purchasing, the Pareto rule says that 80% of them will revert to their habitual method of ordering. Additionally, if suppliers are given the freedom to comply or not to comply, most will conduct business as usual, especially if compliance costs them money.
- Cross-functional implementation team- there are several functions that must be represented on the team, even though there may not be a one-to-one ratio of function to people.

Here are the areas of 'touch points' that impact stakeholders and, if not addressed, can make or break the project:

- Purchasing – both strategic sourcing and tactical, day-to-day buying.
- Requisitioning – someone who has knowledge of the 'generic' requisition:
- Invoice processing / payables – knowledge of how payments are made and how credits and returns are handled;
- Logistics / materials management – someone with knowledge of transportation and expediting;
- Information systems – knowledge of all systems affected, integration issues, etc. –
- Accounting / finance – someone who understands how transactions are booked, which transactions have tax implications and the like ; - user community – champion from the end-
- Users of the new system. There may be a need for representatives from several divisions ; -
- Other considerations :
 1. Contact with the supplier community – someone must alert strategic suppliers to the new environment;
 2. Legal – for technology transfers, cross-border transactions, etc and
 3. Treasury – for hedging multi-currency transactions etc.

3.9 Again, some teams may contain individuals who can accommodate more than one subject area. For example, someone in the tax department may be able to handle tax, hedging and technology transfers.

- Users – These are the people who will create the requisitions, purchase orders, receipts, returns, etc. This is the group that will require a user adoption programme that includes:
 - System education and training ;
 - Inclusion in the process (address their concerns from the start); and
 - A designated champion – someone representative of this group must identify and made a part of the implementation team.
- Suppliers – depending on the supply base, there may be as many users who are suppliers as there are buyers. While adding supplier representatives to the implementation team is not feasible, an effort to notify the strategic suppliers (those that have prohibitively high switching costs or for whom contracts exist) must be made. Some may have a similar experience with other customers that might ease the transition. Additionally, problems like the lack of organisational readiness, a culture resistant to change and the failure to adequately invest in change management and communications are barriers to successful implementations.

Summary

3.10 People are not only most difficult element in implementing an e-procurement project but also most important. Organisations, which give importance to people and processes over technology and are structured so that the strategic pre-empts the tactical, are best positioned not only to implement an e-procurement solution successfully, but also to achieve best-in-class purchasing status. Success of e-Governance projects largely depends on people and reengineered processes, supported by technology. Therefore, ICAR should build e-procurement project on the foundation of people, then re-engineering processes around best practices, and finally apply the right technology to yield the desired results.