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Programme for Change and Organizational Renewal (PCOR)

Programme for Change and Organizational Renewal (PCOR)

Report by the Director-General

The present document provides an update on the status of unutilized balances of appropriations: Programme for Change and Organizational Renewal (PCOR) covering developments since the Industrial Development Board decision IDB.38/Dec.4 (f) of 26 November 2010, which requested the Director-General to regularly brief Member States about the tangible dividends in the form of measurable improvement in efficiency and enhancement in technical cooperation delivery capacity as a result of the progressive implementation of PCOR. In compliance with General Conference decision GC.13/Dec.15, the document updates the information previously presented in documents IDB.38/9, Add.1 and Add.2.

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I. Introduction

1. The Programme for Change and Organizational Renewal (PCOR) is an organization-wide initiative to reinforce the UNIDO role as a partner for prosperity. The three-year programme is making fundamental adjustments to the way the Organization operates to further increase its efficiency and effectiveness and institutionalize results-based management. The programme is based on the Leading Change and Organizational Renewal (LCOR) congruence model, introduced at a senior management retreat in January 2010, which ensures that all aspects of the change — business processes and formal organization as well as people and culture — are addressed in a systematic and holistic manner.

2. Under the principles of “Growth with Quality” and “Delivering as One UNIDO” which were set by the new UNIDO mission statement, PCOR is expected to achieve nine concrete benefits that will enable the Organization to better deliver to recipients’ needs, better meet donors’ and Member States’ expectations and enhance an efficient and proactive working environment. The nine PCOR benefits and their linkage to the UNIDO mission statement are shown in annex I. Following the LCOR model, they are being achieved through a reengineering of UNIDO business processes and the implementation of an enterprise resource planning (ERP) system along with staff development and improving the working culture.

3. Since its launch, PCOR has made significant progress. Some of the main achievements are: agreement on the scope of PCOR; establishment of a governance structure; preparation of an implementation plan with clear timelines; a business process reengineering (BPR) exercise covering the technical cooperation (TC) project cycle; the realization of operational quick wins; a diagnostic survey of the UNIDO corporate culture; assessment of knowledge management practices and cultural issues to be addressed; the pilot of a 360 degree performance appraisal system; the procurement of an ERP system and selection of an implementation partner; and securing the funds needed to implement PCOR.

4. To make the Organization “fit for the future”, the Director-General submitted a number of proposals to Member States for their consideration during 2009 and 2010. These proposals are contained in documents IDB.36/12 of 15 April 2009 and Add.1 of 3 June 2009, GC.13/8/Add.1 of 23 October 2009, IDB.37/CRP.5 of 7 May 2010, IDB.38/9 of 9 July 2010, Add.1 of 17 September 2010 and Add.2 of 22 November 2010. Regular briefings to Member States were held during 2009 and 2010.

5. In December 2009, the General Conference in its decision GC.13/Dec.15 approved up to €9,113,949 for financing the change management initiative from the unutilized balances of appropriations augmented by certain budgetary savings during the implementation period of the initiative, as well as strongly encouraged Member States to contribute voluntarily to the special account for the change management initiative. At its thirty-eighth session in November 2010, the Industrial Development Board authorized the utilization of budgetary savings to the extent of €1.7 million from all Major Programmes except resources for the Regular Programme for Technical Cooperation (RPTC) and Special Resources for Africa (SRA). The Board also authorized the progressive withdrawal of €5.5 million

from the reserve for exchange with fluctuations for the financing of PCOR (decision IDB.38/Dec.4).

II. Main developments and activities since November 2010

A. Operational improvements

1. Quick wins

6. The quick wins (i.e. improvements to processes and procedures that can be achieved with little or no investment in existing systems and processes), which were implemented during 2010, covered a number of functional areas such as project management, finance, procurement, human resource management, travel authorizations and organization-wide improvements. The realization of the quick wins has not only contributed to increasing the efficiency of the Organization, but most importantly, to keeping the change momentum alive and creating a culture of change at UNIDO. In February 2011, a comprehensive report providing detailed descriptions of the actions taken to realize these quick wins as well as their benefits was issued. This report is found on the PCOR Extranet page for Permanent Missions.

2. Business process reengineering

7. The high- to medium-level business process reengineering (BPR) exercise for all business processes of UNIDO core business/technical cooperation activities was successfully completed during 2010, involving about 100 staff members from headquarters and the field. The details on the new business processes for all functional areas are now being expanded on during the implementation of the ERP system.

8. During the high- to medium-level BPR exercise, a number of opportunities to be realized in coordination with the ERP implementation were identified. These include, among others, the development of a reporting structure, and a project document template based on results-based management (RBM) as well as the establishment of simplified project approval procedures.

B. Improving working culture

9. In order to ensure the smooth introduction of new business processes and enable staff to make full use of the new business model and the ERP system, a number of staff members were designated as Change Agents to, among others, communicate and drive the necessary operational and cultural changes. Furthermore, a dedicated Culture Operational Group (COG) to deal with staff development and cultural organizational change was established in the refined PCOR governance structure, which was issued in December 2010. The COG builds on the work on the aspects of "People" and "Culture" that has already been carried out under PCOR and is expected to focus on the following key areas: managing for results and accountability, cross-organizational knowledge sharing, teamwork and collaboration, effective communication and staff development.

10. Furthermore, since November 2010, the Organization has been piloting a 360 degree performance staff appraisal system, which will become an integral part of the ERP system.

11. Finally, the Office for Change and Organizational Renewal (OCOR) and the Change Agents have moved to an open space office environment. This pilot model has, inter alia, contributed to collaboration, teamwork and knowledge sharing between the staff concerned.

C. ERP implementation

12. Following an international procurement process, a thorough evaluation process and extensive negotiations, a contract was signed with SAP on 13 December 2010 for the procurement of an ERP system and provision of implementation services. This information was shared with Member States through an Information Note on 14 December 2010. SAP is a world leading provider of ERP software solutions, based in Germany. The implementation partner is the Austrian subsidiary of SAP.

13. The ERP system is being implemented using the proven Accelerated SAP (ASAP) methodology, which consists of the following five phases:

- (a) Project preparation;
- (b) Business blueprint;
- (c) Realization;
- (d) Final preparation;
- (e) Go live and support.

1. Project preparation (mid-December 2010 to mid-January 2011)

14. From mid-December 2010 to mid-January 2011, the project preparation phase for the ERP implementation was carried out in close cooperation with the SAP team. This included the preparation for the kick-off of the ERP implementation, the agreement on the scope of each release (core business/technical cooperation activities; human resource management and payroll; finance, procurement and logistics; and knowledge management and collaboration), initial SAP trainings, the identification of internal human resources, the establishment of a refined governance structure, the preparation of office facilities, as well as the elaboration of a detailed implementation plan with clear milestones and deadlines. The ERP release schedule is shown in annex 2.

2. Business blueprint (mid-January to end-April 2011)

15. In the blueprint phase, detailed requirements prior to the design of the new system are captured to align the Organization's business model with the ERP system. As from mid-January 2011, the UNIDO and SAP teams moved to an open space office environment to closely work on the blueprint phase. During this exercise, best practice and templates offered by SAP were considered. As of end-February 2011, almost 50 workshops to develop the blueprints for each release have been held. The blueprint phase was scheduled to conclude by end-April 2011.

16. Extensive training has also been carried out to ensure that staff involved in the ERP implementation are well versed with the SAP system to take maximum advantage of its features. More than 70 staff members have already participated in SAP training courses. A comprehensive training programme is also being developed in close cooperation with the SAP team to ensure that all staff are adequately trained on various aspects of change.

17. Results-based management, knowledge management and enterprise risk management are being taken into account during the blueprint phase.

3. Realization, final preparation and go-live and support phases (May 2011 to early 2013)

18. In the realization phase, the new business environment will be built and tested and training material and end-user documentation will be developed. In the final preparation phase, the system as well as all users will be prepared for the go-live phase. In this final phase, the Organization will own and execute the new systems, monitor the business process results and establish support and enhancement mechanisms. These three phases will be carried out from May 2011 until early 2013, taking into account the implementation schedule for each release (details are contained in annex 2).

D. Other achievements

1. Refined governance structure

19. In order to meet the challenges during the current phase of PCOR and to ensure a smooth implementation of the ERP system while addressing issues relating to staff development and cultural organizational change, the PCOR governance structure was refined. On 16 December 2010, the Director-General announced the new governance structure for PCOR, which can be found on the PCOR Extranet page for Permanent Missions and is also included in annex 3.

20. The refined structure consists of the following entities:

(a) Committee for Change and Organizational Renewal (CCOR), including a Project Board to provide specific direction and oversee the implementation of PCOR;

(b) Office for Change and Organizational Renewal (OCOR), within the Office of the Director-General to guide, coordinate and manage PCOR;

(c) Functional Leads for each ERP release (core business/technical cooperation activities; human resource management, and payroll; finance, procurement and logistics; knowledge management and collaboration) to lead the business processes from a strategic point of view for the respective ERP release;

(d) Change Agents for each ERP release supported by subject matter experts to, among others, participate in the workshops to design the blueprint, and liaise and facilitate communication between staff and the SAP team;

(e) Culture Operational Group (COG) to assist in managing for results and accountability, cross-organizational knowledge sharing, teamwork and collaboration, effective communication and staff development.

2. Communicating PCOR

Communication with staff

21. All developments of PCOR are regularly communicated internally to managers and staff (both at headquarters and the field) through diverse communication channels such as meetings of the Executive Board and Board of Directors, briefings to all staff as well as informal discussions, a dedicated Intranet page and a regular PCOR newsletter.

22. The most recent briefing to staff was held on 31 January 2011, informing staff about the latest developments of PCOR and the way forward with a particular focus on the implementation of the new system.

Communication with Member States

23. Since the launch of PCOR, Member States and stakeholders have been regularly informed through briefings and a dedicated Extranet page for Permanent Missions, where all relevant documents and newsletters are accessible. This transparent approach shall be continued throughout the programme. At the most recent briefing on 31 January 2011, Member States were provided with information on the PCOR benefits, the implementation timeline, the status of the budget, the refined PCOR governance structure, the main achievements, the ERP releases schedule, the SAP solutions for each release at UNIDO, the Accelerated SAP (ASAP) methodology and the road map. The briefing provided an opportunity for Member States to receive up-to-date information on the progress of PCOR and obtain clarifications.

24. Since close cooperation and continued frequent exchanges of information between UNIDO and its Member States during the implementation of the ERP system will be particularly important to ensure that the needs of Member States are fully taken into account, a liaison group of selected Member States interested in PCOR is being established to achieve these objectives. The Organization will, of course, remain in close dialogue with all Member States on PCOR.

III. Financial status

25. The financial status of the special account as of 28 February 2011 is as follows (details contained in annex 4):

Table
Financial status

	<i>Millions of euros</i>
Funds approved for PCOR	13.00
Expenditures	2.39
Balance	10.61

IV. Way forward

26. All developments will continue to be regularly communicated to all stakeholders. Another briefing for Member States is scheduled to take place in early May 2011.

27. Cultural organizational change and staff development will be managed in a consistent and integrated manner throughout all phases of PCOR. To ensure that the Organization is able to make best use of the new business model and ERP system, the new Culture Operational Group (COG) supported by an expert on organizational change management will start its work in due course.

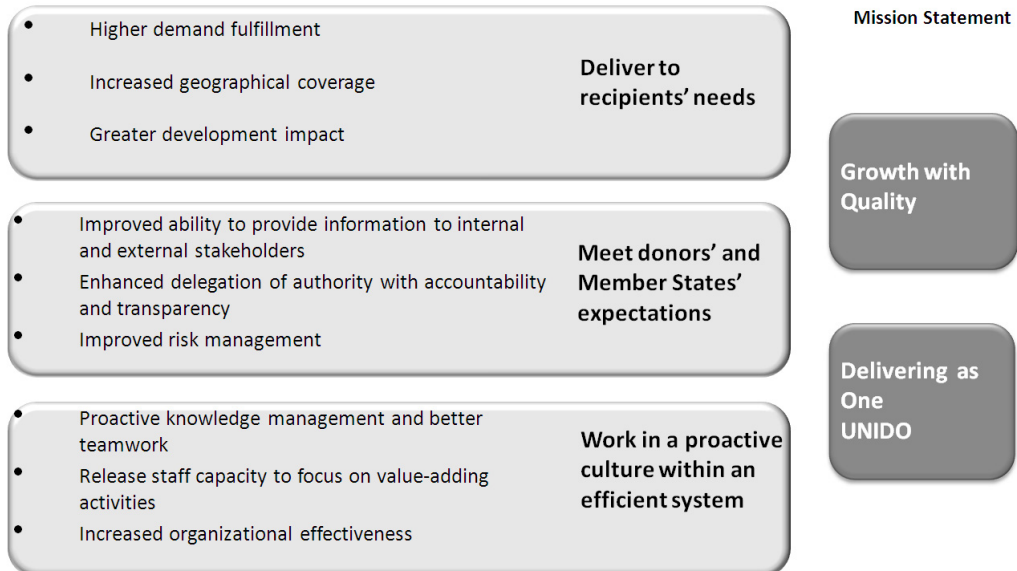
28. Work will continue on the ERP implementation in accordance with the workplan. The major timelines and milestones for the ERP implementation are found in annex 2. Enterprise risk management, results-based management and knowledge sharing will continue to be key principles of PCOR and therefore be addressed in a systematic manner throughout the programme.

V. Action required of the Committee

29. The Committee may wish to take note of the information provided in the present document and note the progress achieved in the implementation of General Conference decision GC.13/Dec.15 and Industrial Development Board decision IDB.38/Dec.4.

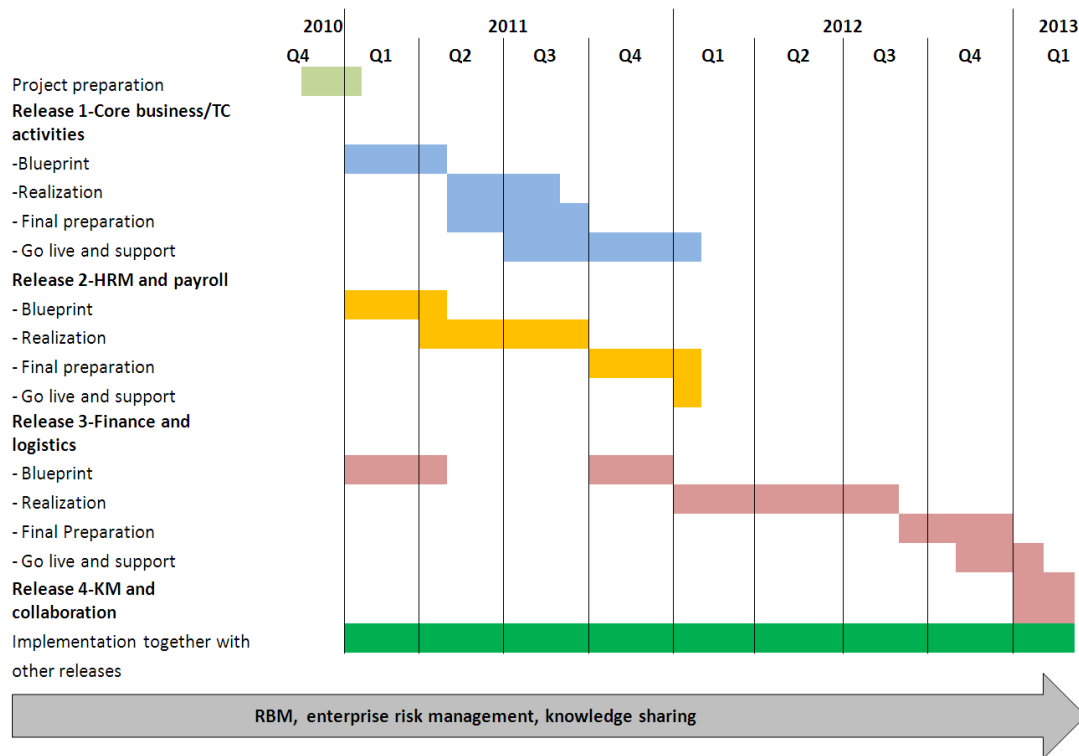
Annex I

PCOR benefits



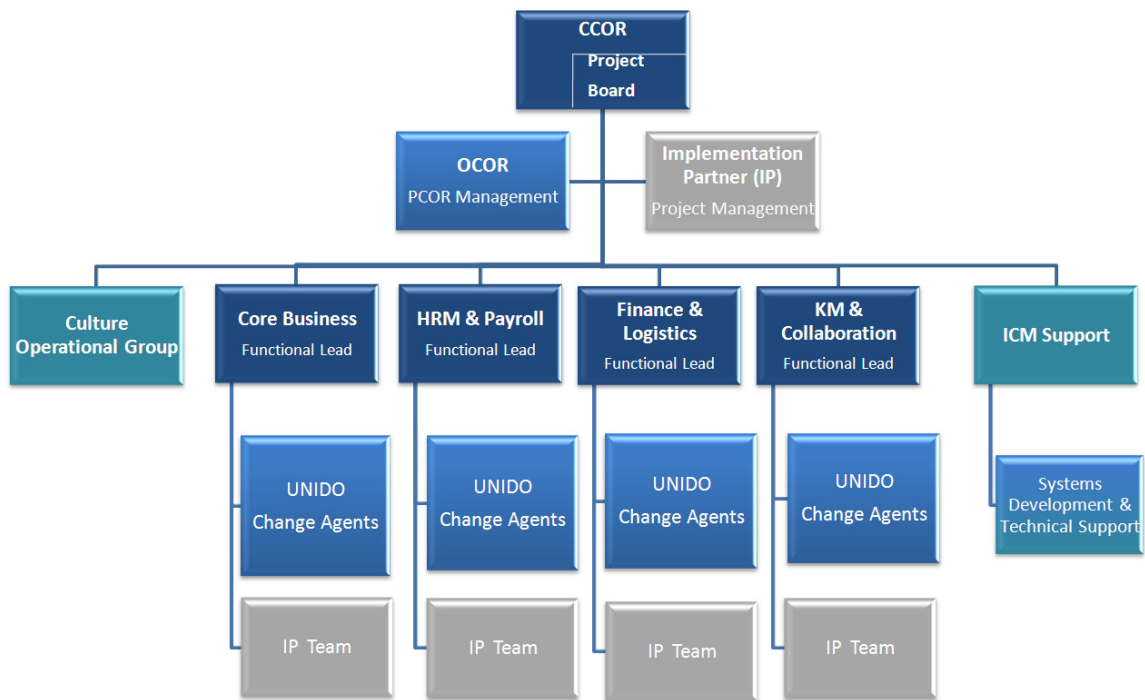
Annex II

ERP Release Schedule



Annex III

Refined PCOR governance structure



Annex IV

Financial status

Status as of 28 February 2011 in millions of euros:

	<i>Total budget 2010-2013</i>	<i>Expenditure 2010-2011</i>	<i>Total funds available</i>
Implementation partner (SAP)	6.40	-	6.40
Training and rollout	1.00	0.19	0.81
Software	3.10	1.88	1.22
Hardware/infrastructure	0.60	-	0.60
Other costs	1.90	0.32	1.58
TOTAL	13.00	2.39	10.61
