



CASE STUDY: Pick n Pay

Co-sourcing - key to UCS Solutions' management of Pick n Pay's IT services

BUSINESS CHALLENGE

To transform the current IT Division into a responsive, agile, efficient, cost-effective Division aligned to the business strategy.

STRATEGIC GOALS

To implement a world-class IT Division that will assist in achieving the business objectives, including:

- Lowering of the cost of operations
- Improving the process of delivery
- Aligning IT to deliver to the requirements of the business
- Upskilling staff and reducing the business' reliance on external staff.

THE SOLUTION

Operating a co-source model to manage Pick n Pay's IT Services, thereby bringing together the client, Pick n Pay and a number of third parties.

Lowering of the cost of operations

A marked impact on the business has been the reduction of the overall operating budget to less than one percent of the sales cost - which is also half a percent lower than when UCS initially took over management of the Division - through reducing the Division's headcount and the implementation of management processes and systems.

Improving the process of delivery

The first step was to understand what employees were spending their time on. To gain an understanding of this, timesheets were implemented and then analysed. The implementation of a Performance Management plan also gave employees a better understanding of their roles, Key Performance Indicators (KPI) and how these would be measured.

Aligning IT to deliver to the requirements of the business

UCS was able to get close to the business through the co-source model and this gave it a clear understanding of the challenges the business faced. With this understanding, the team drew up an IT roadmap aligned to the business objectives.

Upskilling staff and reducing the business' reliance on external staff

The business relied heavily on external contractors, who, when they exited the company, took their knowledge with them. With this in mind, UCS worked to upskill Pick n Pay's permanent staff to improve the quality of their staff, while moving some of the contractors into permanent positions, thereby ensuring the business' intellectual property (IP) remained within the business.



BUSINESS BENEFIT

- Less business reliance on contractors because of the upskilling of employees.
- Pick n Pay's reliance on contractors diminished as they were converted to permanent employees.
- The amount of work carried out by the Division essentially reduced the amount of work carried out by employees, as the Division delivered what needed to be delivered.
- Through the retention of permanent employees and the conversion of a number of contractors, the company's IP remained in place.
- Through better management processes and systems, a significant cost improvement was achieved, with the overall operating budget reduced to less than one percent of the sales cost - a 50% reduction from when UCS took over the management of the Division.
- A more agile, responsive, Division-enabled IT Service.
- An IT Division aligned to the business strategy and objectives.





THE SOLUTION - A HOLISTIC APPROACH

During its three year contract to co-source the retailer's IT Division, UCS has made a significant impact on the business, both financially and commercially. Chris Shortt explains that this success stems from UCS' intimate understanding of the business. "Our close association with the business provided us with a clear picture of the business' strategy and placed us in a stronger position to help the business to benefit from IT."

Once UCS had gained an understanding of the business strategy and where it was driving the business, it set up an IT roadmap. "This roadmap had to be aligned to the business strategy if we were to deliver in achieving the business' objectives."

Aligning the business and IT also drove the cultural journey of the Division. "We worked to evolve the management model from a traditional old-school style to a flat, empowering, collaborative style," states Shortt.

Changing people has been the most difficult part, he adds, but the result is more fluid communication, combined with better energy and happiness levels, which translate into productive employees. He explains that when people are in a space where they can be productive, then the targets set strategically will be achieved. "It was not easy but the employees are on a journey and know what is expected," he acknowledges.

The Division also had a "reputation" for a lack of delivery, responsiveness, alignment and stability, but the implementation of various initiatives has led to an agile and responsive delivery. For example, the highly successful Stikeez promotion was ready within a month and Brand Match within three months.

"It must be kept in mind that while the Division is required to work on big projects, it is still responsible for running the day-to-day business and assisting with any business process problems," he says, quoting as many as 700 items on the Division's to-do list at any given time. "By identifying skills and knowledge gaps at the different levels, together with an understanding of where employees were in this space, we were able to plan and build a target picture of each capability. This enabled the identification of the number of junior, middle and

senior positions in the various skillsets needed." With this, a roadmap of the transition was compiled.

"Through the efficiencies gained, including the management of people, the headcount of the Division dropped substantially, while delivering work of good value. For example, the Brand Match solution was delivered out of the existing team capacity," he says.

Delivering projects through its own employees and not contracting to external parties has led to efficiency gain, while better processes and time management have delivered a significant improvement from a cost perspective. "The result is that the overall operating budget has been reduced to less than one percent of the sales cost, which is half a percent lower than when UCS took over the management of the Division," says Chris.

As part of UCS' holistic approach, UCS also assisted where it saw opportunities, even if they fell outside of their mandate, to ensure further reductions in costs and the business' footprint. The overall result is that the stability of the business' IT systems has improved, which, together with the right management processes, teams and structures, has meant less business disruption and enabled the IT Services to deliver more.

