

OWNING OUR PIECE

Improving Bill Paying at the Town of Cary

BY KATHRYN TROGDON

It was spring of 2018 when the Town of Cary, North Carolina's Water System Manager Alex Jones and Public Works Administrative Specialist Terry Meyers realized they had the same problem: not all of their departments' bills were getting paid on time. Jones just stopped by to catch up with Meyers, but their conversation wound up answering a burning question they had reflected on independently for months: Is this problem only in my department? The answer was no. They were not alone, and other departments were coming to the same realization.

Jones recognized challenges when she became supervisor of the Cary/Apex Water Treatment Facility and vendors called wanting to know when they would be paid for chemicals. One of the major water treatment chemical suppliers refused to fill an order because the town was months behind on payments. It wasn't possible to keep doing business like this — the town had reached a tipping point. So staff worked to make it a turning point instead.

As they put the pieces of the puzzle together, staff realized this was not one department's problem; it was the entire organization's problem. These conversations set a cross-departmental group of staff on a journey toward improving the procure-to-pay process, and it became one of the first documented cases of process improvement in the Town of Cary to take underlying adaptive challenges into consideration.

BACKGROUND

In Cary, when employees need to purchase goods or services, they begin the procure-to-pay process. First, they submit a requisition to the procurement division, which is responsible for helping staff obtain goods and services based on regulations set by state statute. Once a requisition is approved, procurement staff issues a purchase order to a vendor. The accounts payable division receives the invoice from the vendor and sends it back to the department to confirm the accuracy of the invoice and to authorize accounts payable to pay the bill. At the Town of Cary, accounts payable and procure-

ment both fell within the finance department with accounts payable located at Cary Town Hall and procurement at the operations center two miles away.

As a maturing municipality, Cary, a town of 165,000 people, was paying for more products and services than it had in 1990, when it had 45,000 citizens — while trying to maintain the same level of service. Between 2015 and 2018, the number of bills was no longer growing, and it took 11 more days, on average, to pay.

Increased development since 1970 had supplied the town with additional resources, allowing it to offer more amenities and services to its growing population. The town had hired hundreds of new staff members over the years to

take on this ever-expanding list of offerings. Employees became more specialized, and processes began to involve more people. While the number of accounts payable technicians remained the same, the number of specialized staff members needed for departments to approve and pay for purchases increased — at least eight people by 2018. As a result, staff began to lose sight of the bigger picture; they only understood their piece, not the whole process. Finance Project Manager Andrea Johnson, who previously supervised accounts payable, said there was always a standard pro-

cess for paying bills, but previous accounts payable technicians often made exceptions at the request of a vendor or staff. As a result of these, and other, factors, staff and vendors did not follow a single, streamlined process; they often provided incomplete information, skipped steps, or submitted documentation via different channels, including e-mail and interoffice mail. Vendors sent invoices to both the department that was making the purchase and accounts payable, resulting in duplicate efforts and extra e-mails.

One employee reported receiving hundreds of e-mails a day. "There's no way any human being can keep up with that," Jones said. "That's unsustainable to have a system that requires that amount of e-mail."

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The town also used NaviLine software for the procure-to-pay process, but the nearly 30-year-old product had limitations, including the inability to track invoices. As a result, accounts payable staff had to manually check the status of outstanding invoices through a combination of paper copies, electronic files saved on a separate software tool, and e-mails to others involved in the process. At the same time, not everyone involved knew how to use the software to its fullest extent. By 2018, the town's broken process was putting too much pressure on its employees.

To tackle the technical problems within the procure-to-pay process, the town hired a consultant to diagnose the technical problems and provide recommendations.

WHAT CARY DID

The push for change gained momentum when Assistant Finance Director Kim Branch shared these struggles in the town's adaptive leadership class during the summer of 2018. The inaugural class, created by the town manager and comprising 19 employees, discussed the issue more in depth. Then, a smaller group, made up of Jones, Branch, and Fire Chief Mike Cooper, decided to tackle the issue and its adaptive challenges in order to apply what they learned from the class to their work in the organization. They focused

heavily on diagnosing underlying adaptive problems such as loss and lack of trust rather than implementing technical fixes.

To fully and efficiently tackle the technical problems within the procure-to-pay process, the Town of Cary hired a third-party consultant to diagnose the technical problems and provide recommendations. The plan was to define the existing process,

identify root causes of issues, identify alternatives, make recommendations on future processes, and develop an implementation plan.

A month later, it was time to interview stakeholders and map out the process via a series of meetings and workshops. "I think it's really important we come up with a solution together instead of finance coming up with a solution and then telling people what to do," Accounting Manager Jessica Randal said. "It's better for the people who do the work to come up with it."

The work group, made up of more than 50 employees from all departments, began two phases of workshops in July 2018. During one exercise, the team broke up into two groups, with finance staff in both, to map out the existing processes. But the groups came up with different results.

This series of meetings, which was led by the consultant, helped gather dozens of people in a room to learn what work went into paying bills and how their actions could affect others. For example, when the procurement team sought to make their process more efficient, its staff created a folder in a town-wide shared drive to collect necessary documentation. However, staff began submitting accounts payable-related files into this folder too — a folder that accounts payable staff didn't check because it wasn't theirs.

The experience also gave staff in other departments a road map for evaluating other existing processes to determine what could be done more efficiently. "I think if all of us in our departments looked under the rug, we'd definitely see things that were swept under there that aren't as efficient as they should be or need to be," Assistant Human



Resources Director Laura Turk said. “We’re challenged every day to examine and improve many of our existing processes.”

In December 2018, the consultant provided 19 recommendations, ranging from short-term to long-term solutions, to improve efficiency and consistency by standardizing the process. The suggestions included stopping the use of e-mail to forward invoices and clarifying roles to managing the town’s relationship with vendors.

The finance department requested assistance from additional staff to implement the recommendations, and a group of 21 people volunteered to assist over the following year. Replacing Naviline was not an initial priority because underlying adaptive issues needed to be addressed first. Instead, the finance department started mapping out and assessing other processes, including payroll, that would make use of the new software. But the town still faced adaptive challenges in implementing these technical fixes.

ADAPTIVE CHALLENGES

Cary’s culture is rooted in the adaptive leadership philosophy, a model introduced by Ronald Heifetz and Marty Linsky in their book, *Leadership on the Line*.¹ Central to adaptive leadership is the understanding that problems may include adaptive challenges and technical problems, so when it came to the procure-to-pay process, the town analyzed it through that lens. “Every day, people have problems for which they do, in fact, have the necessary know-how and procedures. We call these technical problems. But there is a whole host of problems that are not amenable to authoritative expertise or standard operating procedures. They cannot be solved by someone who provides answers from on high. We call these adaptive challenges because they require experiments, new discoveries, and adjustments from numerous places in the organization or community,” Heifetz and Linsky wrote in the book.

Following the consultant’s recommendations, Jones, Cooper, Branch, and a few others met to discuss the unresolved adaptive challenges staff would face when implement-

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ing these technical solutions, including loss and lack of trust. “Whether or not we have the technical solutions in place, if we can’t get the relationships to line up with that, if we can’t establish appropriate communication, if we can’t get the understanding to reach that point, then any process we define isn’t going to work,” Branch said.

The consultant-led meetings in 2018 helped participants understand the situation and “own their piece of the mess,” a concept from *Leadership on the Line*. This refers to helping individuals take responsibility for their share of the problem by providing them with an understanding of the full process, along with their responsibilities and ways in which their actions can create more work for others.

As the meetings progressed, the accounts payable technicians realized that not all of the administrative specialists fully understood the work involved in paying a bill — and not knowing the process meant the users made a lot of mistakes. Some staff members exhibited frustration at the meetings, saying that they wanted to learn the process correctly and fully, but they didn’t know how to make that happen. In response,



accounts payable wanted to be more proactive about training, an initiative that had slipped through the cracks after someone in the finance department retired. To put a technical fix in place while the bigger picture work was underway, a step-by-step guide was created to educate staff about how to look up requisition and purchase order information in NaviLine.

Over time, friction built among staff members about bills not being paid on time, and employees began making assumptions about who or what was bogging down the process. The way employees treated each other because of their disagreements was something of a surprise. Accounts Payable Technician Susan Legall had been with the town six years when she joined the accounts payable team, but some people treated her like she didn't know how to do the job, she said, adding that it seemed like her qualifications were being questioned that some people assumed her role was easy or clerical in nature. "We have bachelor's degrees in finance and business management, so we're not new to the party either," she said. "I took it kind of personally. We're working with the resources we have and just trying to make the best of it."

LOSS

Staff from across the organization also felt loss — another concept from *Leadership on the Line* — as they realized that the way the town did business had to change for things to get better. In particular, one challenge staff faced was getting others — and sometimes themselves — to accept that making the process more efficient might decrease their role in the process or remove it entirely. They needed reassurance that this did not make them any less valuable as employees.

Another perception of loss was that the town was considering lowering its service levels by increasing the minimum amount of time it took for a bill to be processed and paid. "When I communicate with my staff, I try to help them understand they're still providing good service, even if our definition — our turnaround time — is different than it was 20 years ago," Branch said.

The understanding that problems may include adaptive challenges and technical problems is central to adaptive leadership, so when it came to the procure-to-pay process, the town analyzed it through that lens.

Johnson supervised accounts payable for 22 years and only moved to a new position six months before the meetings, so it was difficult to hear that a process she built was now broken, she said. For years the town had been known among vendors for its quick turnaround time for paying bills. "We did it, and we did it well, for years. So to accept the process was breaking down and wasn't going to serve us into the future took a few minutes," she said. "I had to take a step back and realize that everybody wasn't saying

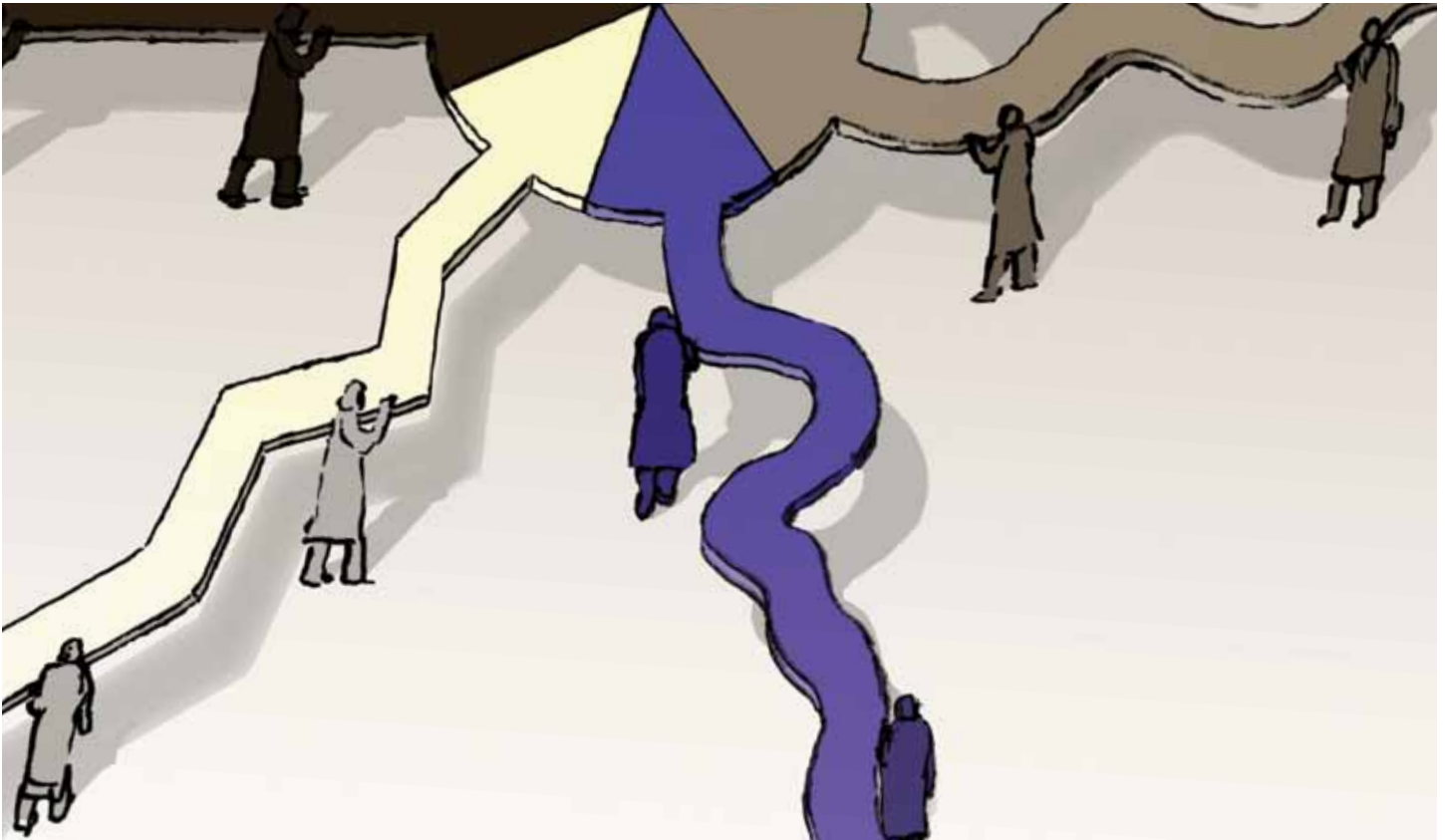
that everything I built was wrong. They were saying it served us well during that time, but now it was time to evaluate some different processes."

TRUST

Numerous role changes in the finance department had a negative effect on trust and employee relationships. Just as the procure-to-pay process issue came to light, employees in finance were still getting acquainted, following a wave of promotions and retirements. When Ishani Padmaperuma was promoted to procurement manager, she felt that she was expected to maintain service levels while trying to learn the position and hire and train new people. "I think a lot of folks expected it to be business as usual from purchasing," Jones said. "But there was no way it could be business as usual because nobody was there who had been there before, and there wasn't any documentation for how to proceed." It also became clear to Padmaperuma that some of the processes were unsustainable.

In response, Padmaperuma's team made a quick technical fix to keep the work as manageable as possible. It seemed like a simple remedy, but adaptive challenges that had not yet been addressed kept it from being fully successful. "People did not trust that procurement had their best interests in mind," Jones said. "They felt like it was another gatekeeper action, helping procurement but no one else."

Avoidance of the procurement process resulted in more work for accounts payable. For example, if a staff member perceived that procurement was going to slow them down



in securing a good or service, they might skip the step entirely and make the purchase, forcing accounts payable to send them back to procurement later to complete the step before the bill could be paid. “They were trying to get around procurement for expediency,” Jones said. “They were perceiving procurement as this roadblock or gatekeeper, so there were avoidance behaviors happening.” Other employees would submit a requisition, but instead of waiting to receive a purchase order, they paid with a P-Card, resulting in accounts payable having to spend extra time reaching out with questions about what happened and whether they still needed to pay the bill.

While the town needed to tackle these and other adaptive challenges in order to create a successful new process, the meetings and workshops did help make many people more receptive to change.

BABY STEPS

When Jones realized the gravity of the situation, she pushed for process improvements within the utilities department. “I said to the staff involved that we can’t be mad at accounts payable until we fix the issues on our end,” she said.

This was a common theme — those who had participated in the meetings seemed open to improving the process. The meetings also helped participants get to know their colleagues better, leading to an increased sense of responsibility to do their part to avoid errors.

Twenty-one people, including many outside the finance department, volunteered to help accounts payable implement the consultant’s recommendations, and Ken Hawley, the town’s first director at large, stepped in to coach finance through the adaptive challenges.

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It was this partnership — camaraderie at a new level — that would make the difference as the town implemented change. Staff across departments would need to come up with the solution together. “With perspective, I can see our mistake,” Chief Financial Officer Karen Mills said. “We adopted an approach of customer service at all costs. We saw every process exception as an opportunity to provide exemplary customer service and be a team player for other employees. Now I see that by taking on too much, we also took away the opportunity for others to learn, participate, and own their part of the process and financial responsibilities. In the extreme, what we saw as customer service was a disservice to the organization. I see finance employees enjoying the new approach because it feels a lot better to be a true partner with our colleagues.”

ARE WE THERE YET?

Despite the days of work needed to map out the procurement and accounts payable processes, determine the pain points, and come up with solutions, months ticked by with

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few major changes. “We haven’t fixed the process,” Jones said. “We have started on the journey. We have identified the problem, and we have a path forward for how we are going to start implementing the solutions.”

Part of that work included overcoming a persistent resistance to change despite a real desire to improve efficiency. Staff quickly realized that change is easier said than done — it is difficult to change habits, no matter how dedicated you are to creating a more efficient process.

While accounts payable staff noticed a difference in behavior from employees who attended the consultant-led meetings, the same shift in behavior didn’t occur with those who hadn’t been able to attend. For example, instead of e-mailing invoices, some staff and vendors continued to print and mail them to accounts payable, adding time to the process. Other vendors still weren’t able to accept small payments via credit card or electronic transfer, instead requiring a paper check, which continued to slow the process down.

While a lot of learning occurred in the year after Branch first brought up the challenges, there is still much to do and much to learn. “At the end of the process, I came away with the reminder that until we walk in someone else’s shoes, we have no real concept of how a process ends up broken,” said Susan Bradley, operations and program supervisor at Cary Tennis Park. “It also reminded me that change, personal or professional, is difficult, especially the closer you are to the area of scrutiny. Finally, patience and an open-minded approach to understanding each perspective, and working toward change for the greater good, rather than holding on to ‘tradition,’ is necessary and not always easy.” ■

Note

1. Ronald A. Heifetz and Marty Linsky, *Leadership on the Line* (2017: Harvard Business Review Press).

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