

# STATE OF THE PROCUREMENT PROFESSION SURVEY 2022

## Executive Summary

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# Key insights of the “State of the Procurement Profession Survey 2022”



Cost remains the dominant objective in procurement. Sustainability ranks lowest among all objectives – even at companies that position themselves as highly sustainable



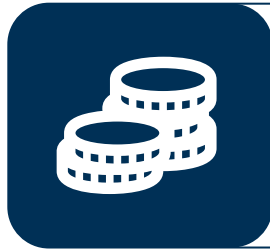
When implementing sustainability, B2C companies tend to lack abilities while B2B companies tend to lack motivation and opportunities



Covid-19 has shifted the emphasis to higher levels of inventory and closer relationships with suppliers



Employees are more satisfied with their procurement organization when its culture fosters a high level of entrepreneurial orientation



Companies in a cost leadership position pursue a single sourcing strategy more often than other companies



Satisfaction with the own procurement organization is decreasing while performance is increasingly affected by roadblocks



Data quality and difficulties in finding and hiring qualified employees are the largest performance roadblocks for procurement



Most procurement employees are in this profession because they consider it fun and enjoy the work



Smaller procurement organizations and companies selling mainly products are lagging in the digital transformation

**Procurement employees still do their job because they enjoy it, even though they are becoming increasingly dissatisfied with their procurement organization and the performance of their procurement organization is increasingly affected by roadblocks**

# Data were collected in early 2022 by means of an online survey

## Research setting

- Standard online survey (via Qualtrics)
- Key informant approach
- Units of analysis:
  - Firm (buying firm)
  - Function (procurement organization)
  - Individual (procurement employee)
- Thematic blocks:
  - Demographics
  - Strategies
  - Sustainability
  - Digitalization
  - Employees

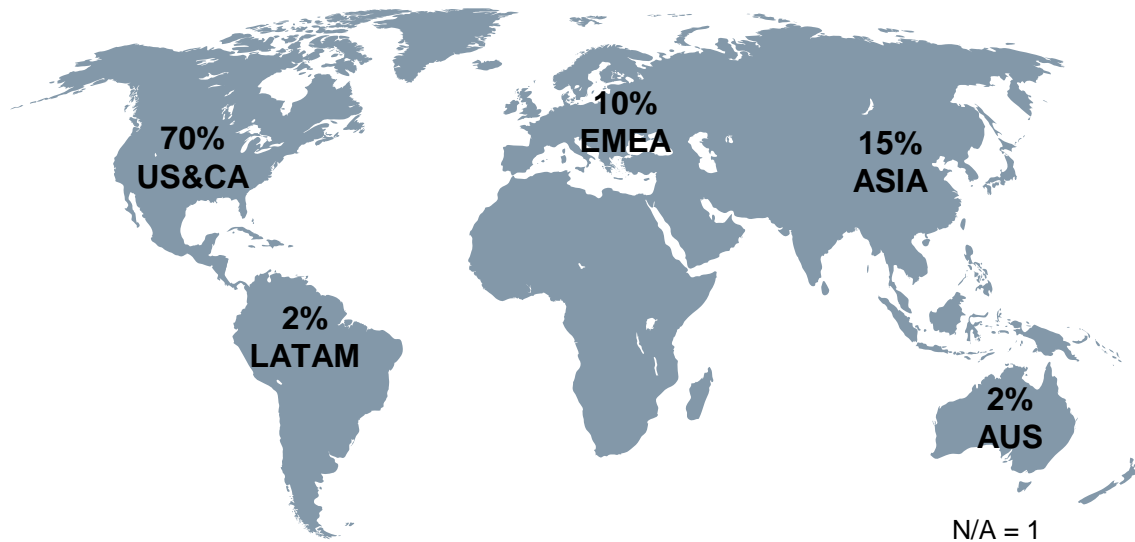
## Data collection

- Joint data collection with ISM
- Data collection: January 2022 – April 2022
- Full responses:  $n = 420$
- Average response time: 21 min

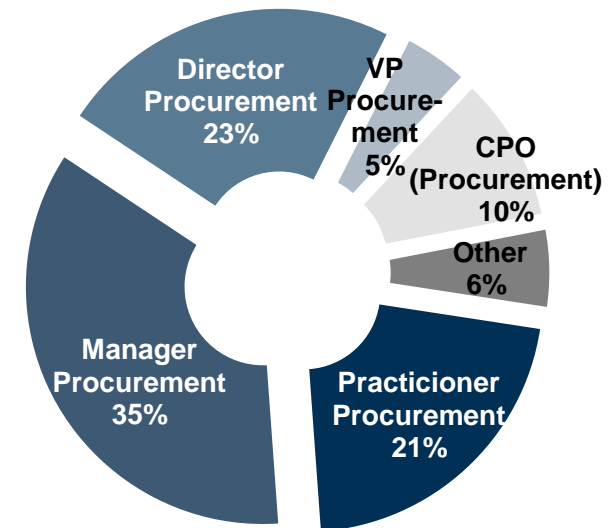
# A total of 2,701 executives participated in survey and 420 full responses were used for this summary

## Demographics

### Geography



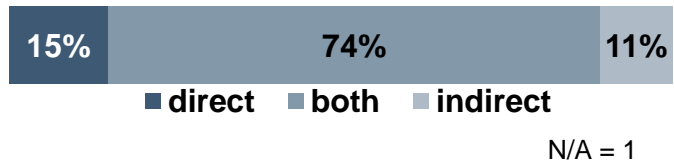
### Seniority



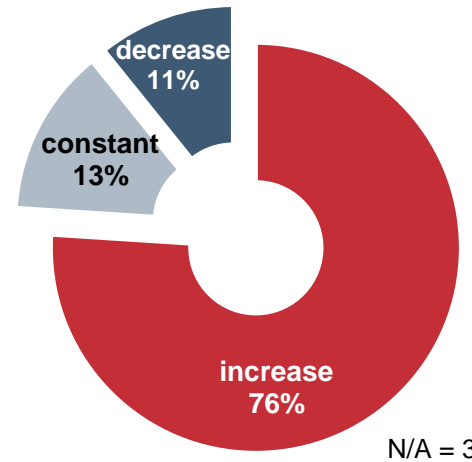
# The procurement function reports mainly to the CFO

## Demographics

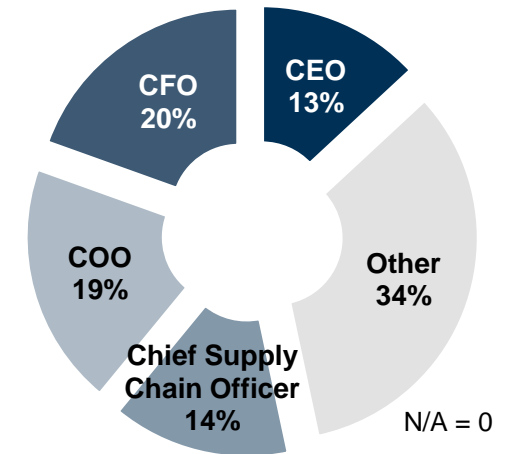
### Spend responsibilities



### Spend in 2021 compared to 2020



### Procurement reports to...



### Avg. # of first tier suppliers

1,890  
N/A = 24

### Procurement size (Avg. # employees)

4,607  
N/A = 8

# Cost is still the main objective in the sourcing process when respondents are asked to distribute percentage points for the relevance of the objectives

Strategies

## Competitive priorities

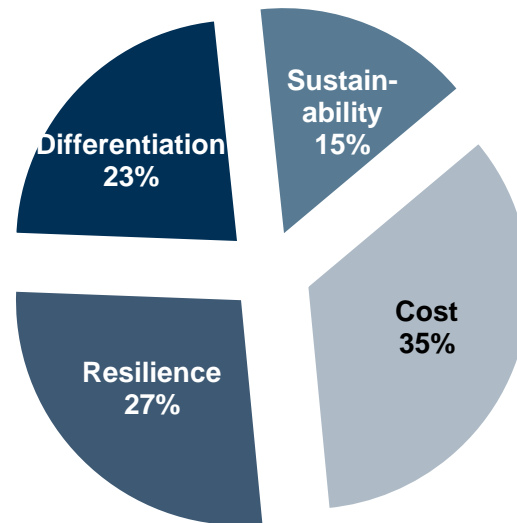
**Cost**  
(e.g., savings, prices)

**Differentiation**  
(e.g., quality, innovation)

**Resilience**  
(e.g., security of supply)

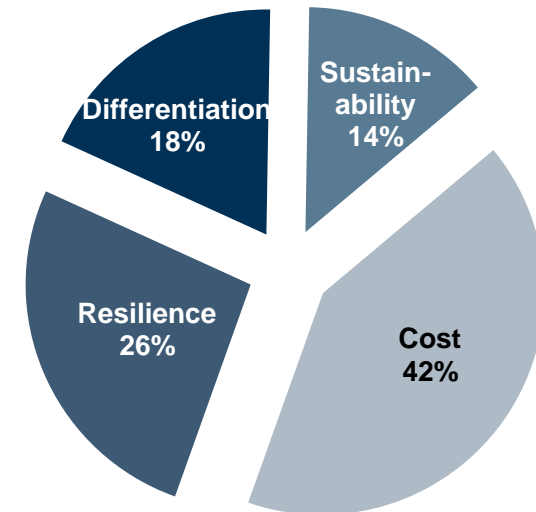
**Sustainability**

## ...for the company



N/A = 0

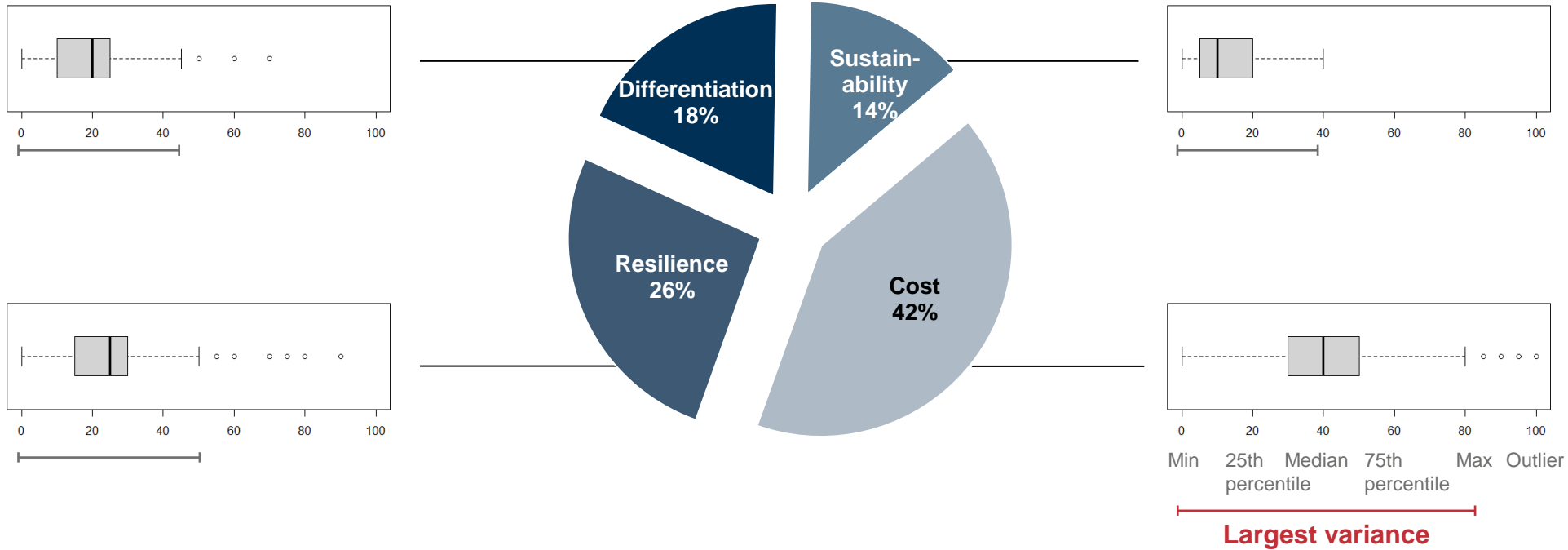
## ...for procurement in the sourcing process



N/A = 0

# Procurement organizations differ the most in the importance of cost among procurement objectives in the sourcing process

## Procurement objectives in the sourcing process

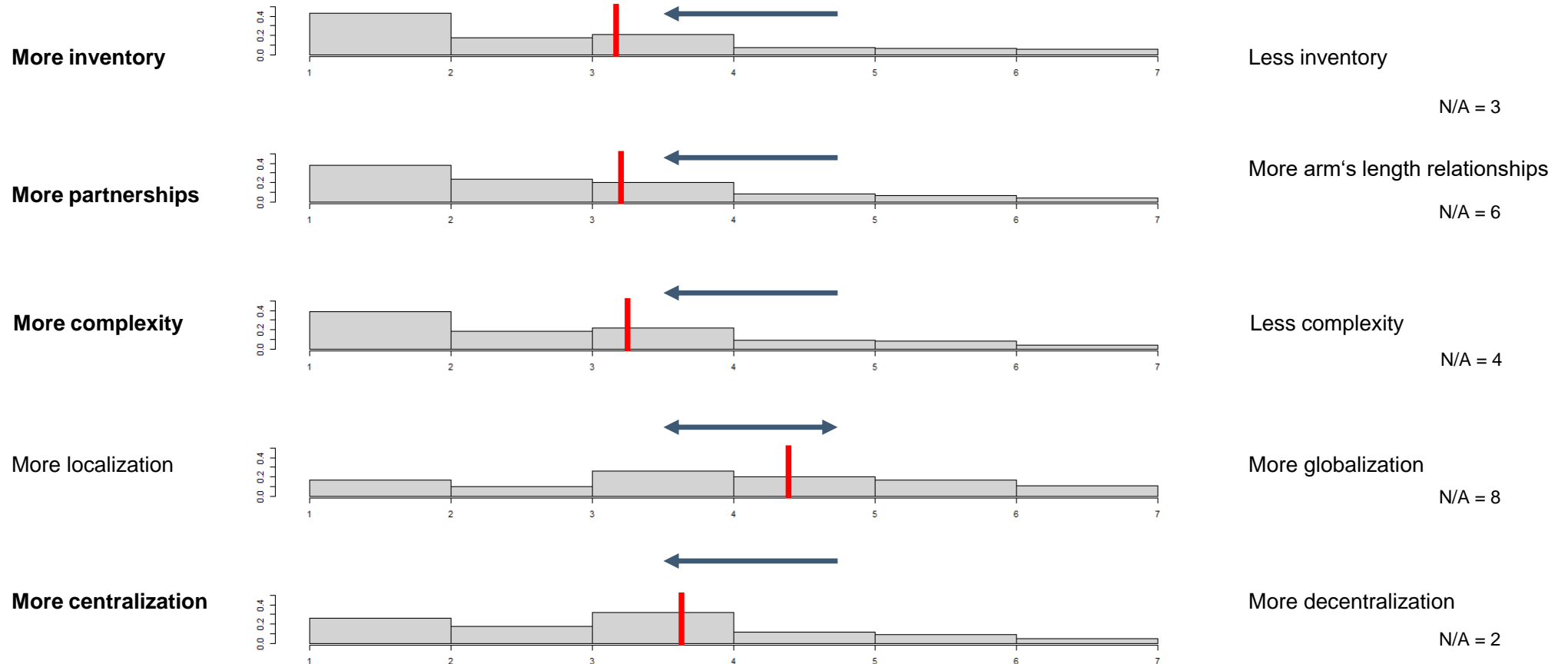


N/A = 0

# After the Covid-19 outbreak, procurement organizations rely more on inventory and focus on closer relationships with their suppliers

## Strategies

### Change in strategies after the Covid-19 outbreak

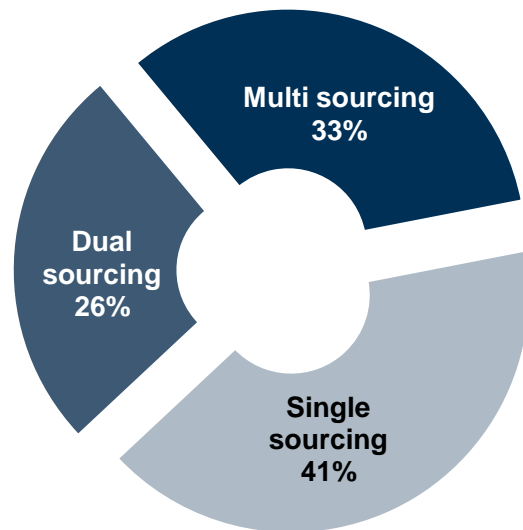




# Cost leaders often pursue a single sourcing strategy, while cost laggards often pursue a multi sourcing strategy

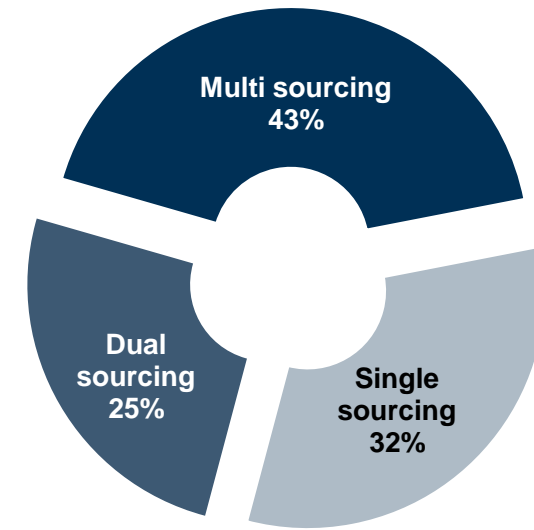
Strategies

Cost leader compared to main competitor



n = 315

Cost laggard compared to main competitor

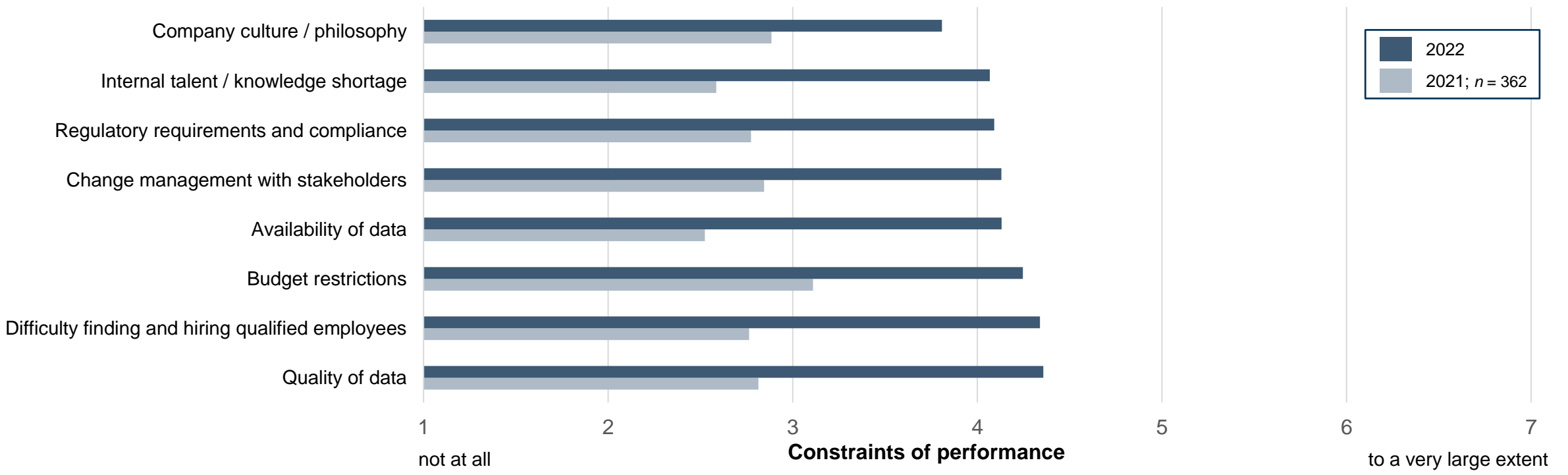


n = 121

# All performance roadblocks are constraining performance more in 2022 than they did in 2021

Strategies

## Performance roadblocks

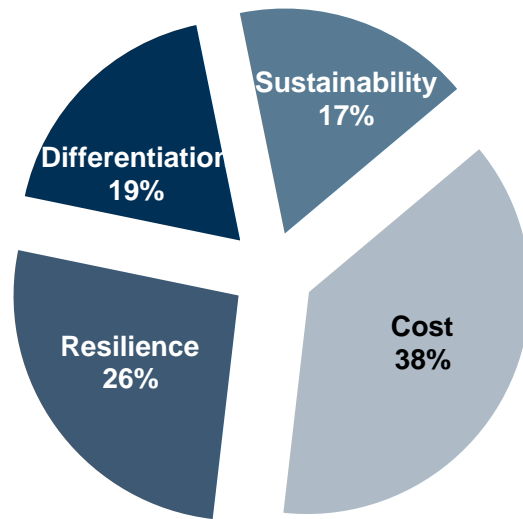


- Other** (individual responses):
- Global conditions
  - Lack of holistic cost analysis
  - Poor software tools
  - Availability
  - Leadership
  - Time schedules
  - Location of corporate office
  - Bureaucracy

# Even the companies that position themselves as being sustainable put lowest focus on sustainability in the sourcing process

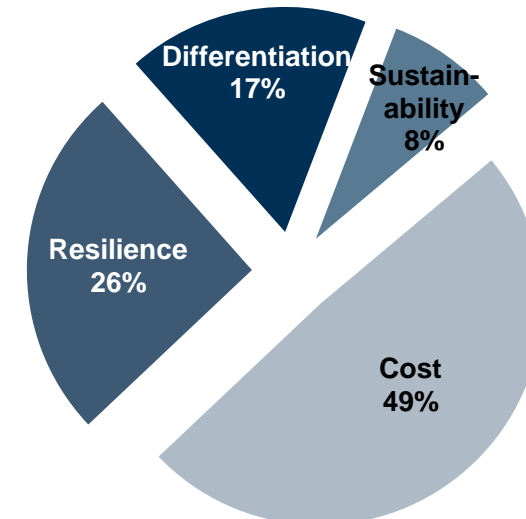
Sustainability

Objectives in the sourcing process of companies that do position themselves as sustainable



n = 311

Objectives in the sourcing process of companies that do not position themselves as sustainable

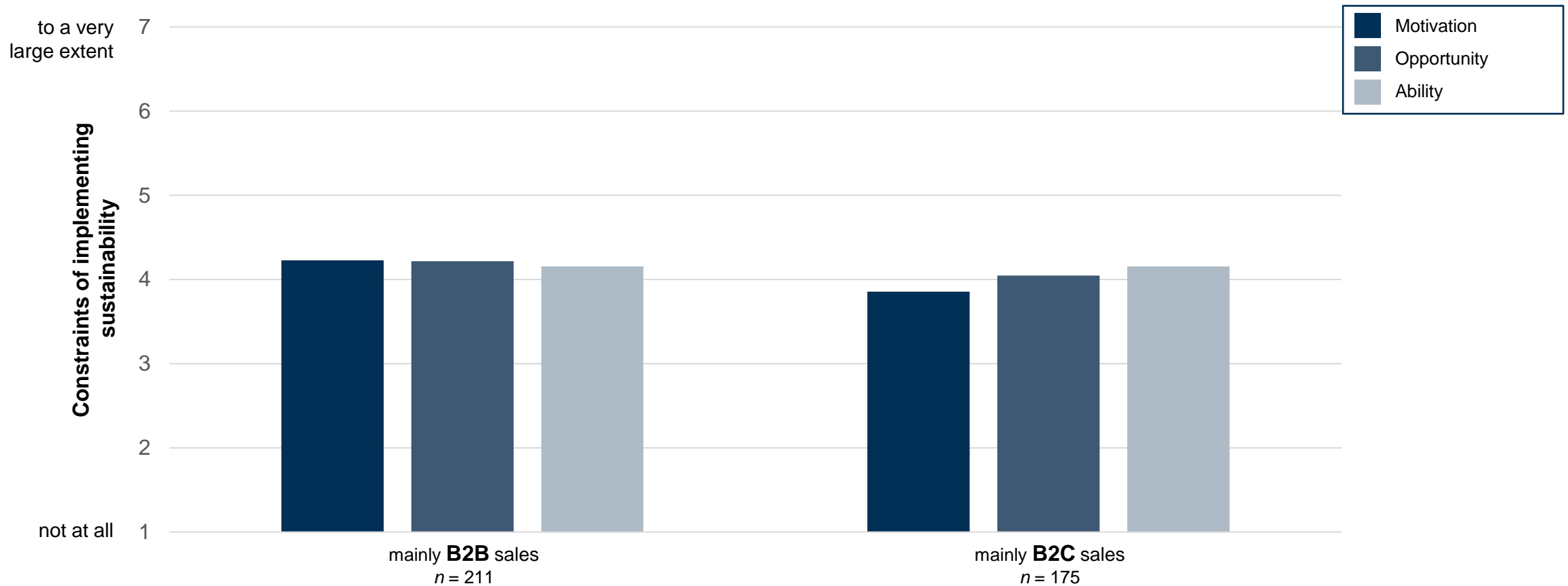


n = 119

# B2C companies lack ability in implementing sustainability in procurement while B2B companies lack motivation and opportunity

Sustainability

## Constraints of implementing sustainability in procurement



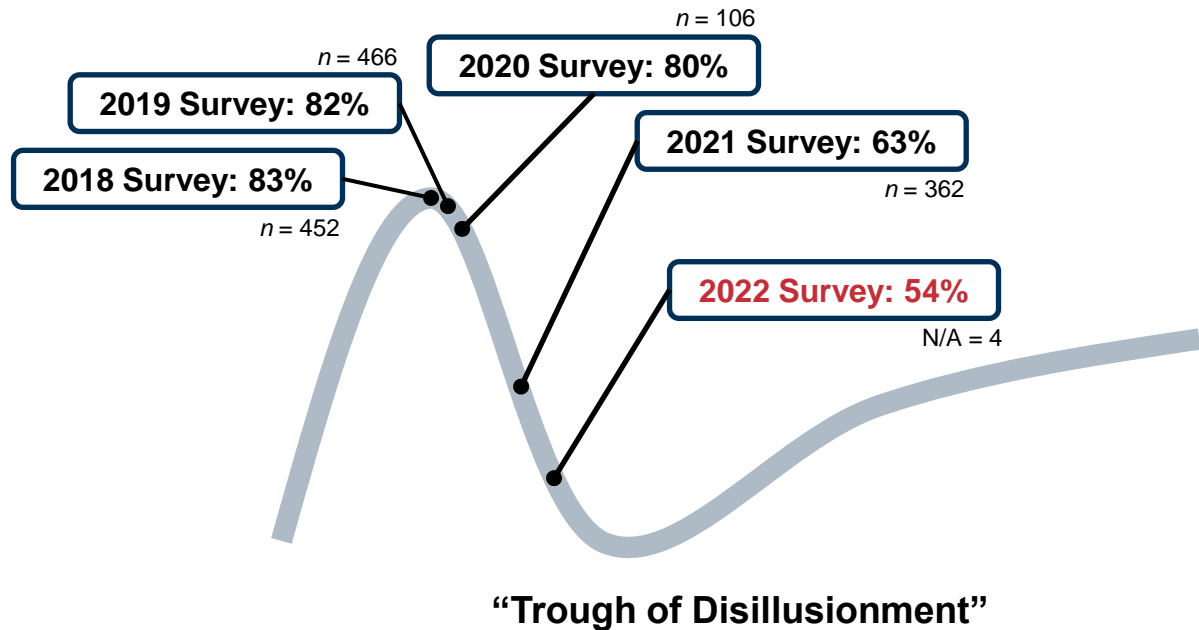
# Is the digital transformation reaching the “Trough of Disillusionment”?

## Decreasing perceived importance and on average low likelihood of investment

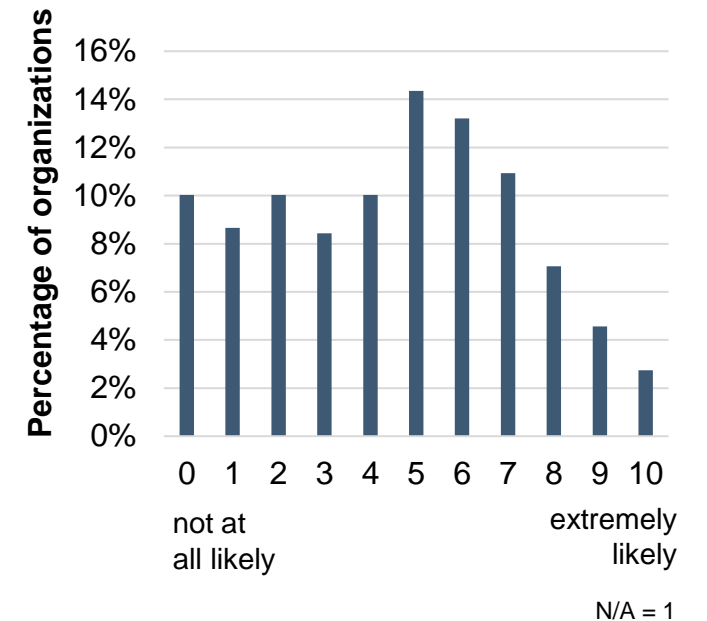
Digitalization

### Impact of the ‘Digital Transformation’ on the procurement organization

Do you think the “digital transformation” will affect your procurement organization more in this year than in the last year?



### Likelihood of investment in emerging technologies\* in 2022



\*e.g., AI, Blockchain, IoT

# Not only perceived importance decreases in the last years but also satisfaction with digitalization strategy

Digitalization

How likely would you recommend your strategic approach for digitalization to a friend or a colleague?

2022

N/A = 1



0: Not at all likely

10: Extremely likely

2021

n = 352



2020

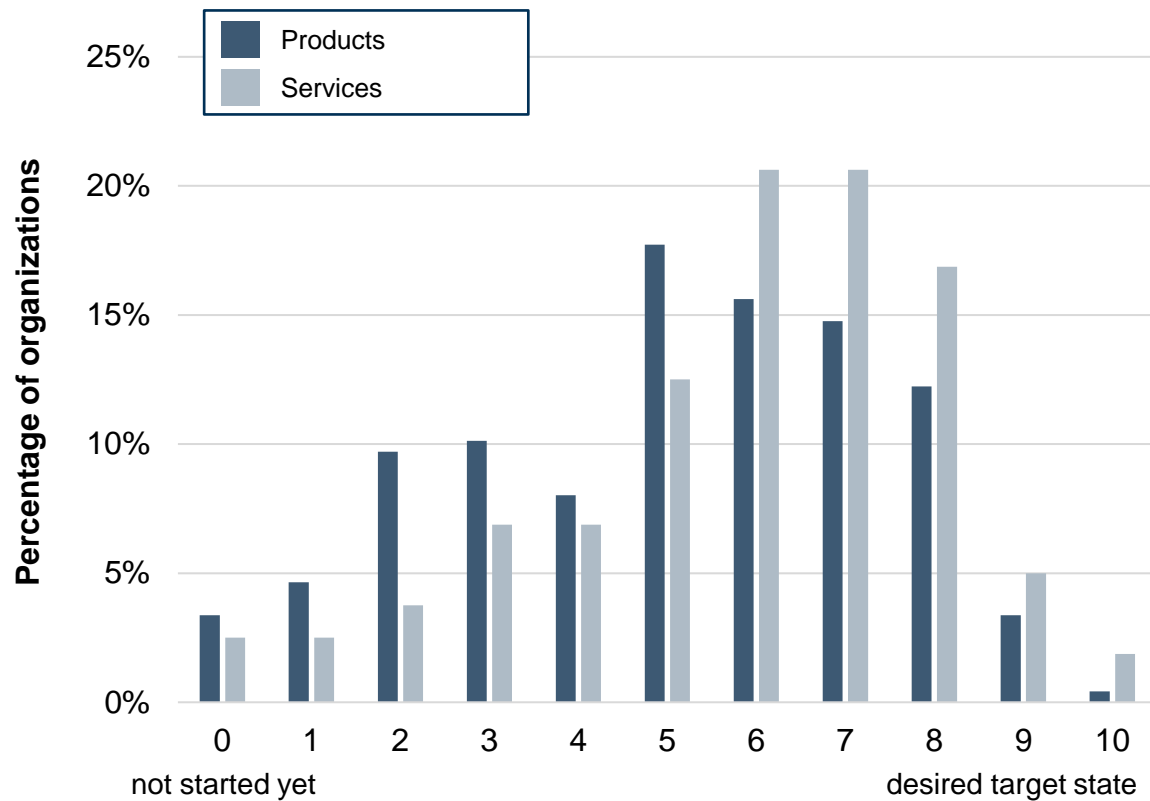
n = 104



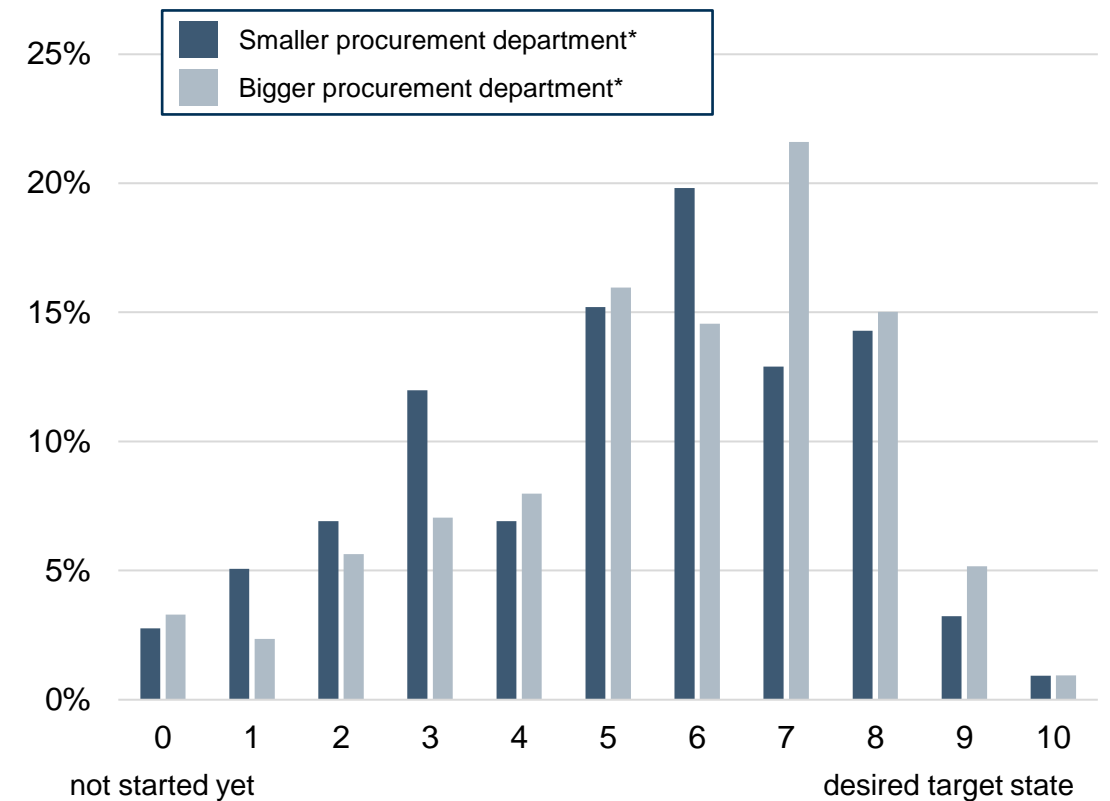
# Companies selling mostly products and companies with smaller procurement departments have a longer way to go on their digitalization journey

Digitalization

## Digitalization journey



N/A = 43



N/A = 9

\*cut at median (100 employees in procurement)

# The satisfaction with the procurement organizations the respondents are working for is decreasing

Employees

How likely would you recommend working with your procurement organization to a friend or a colleague?

2022

NA = 0



0: Not at all likely

0-6: Detractors

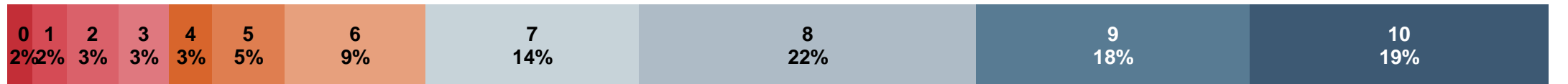
7-8: Neutrals

9-10: Promoters

10: Extremely likely

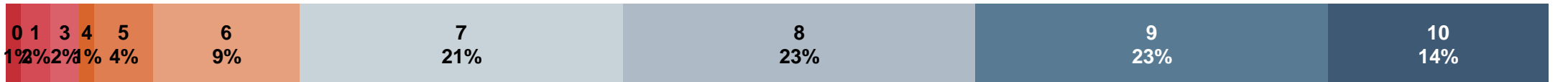
2021

n = 361



2020

n = 105

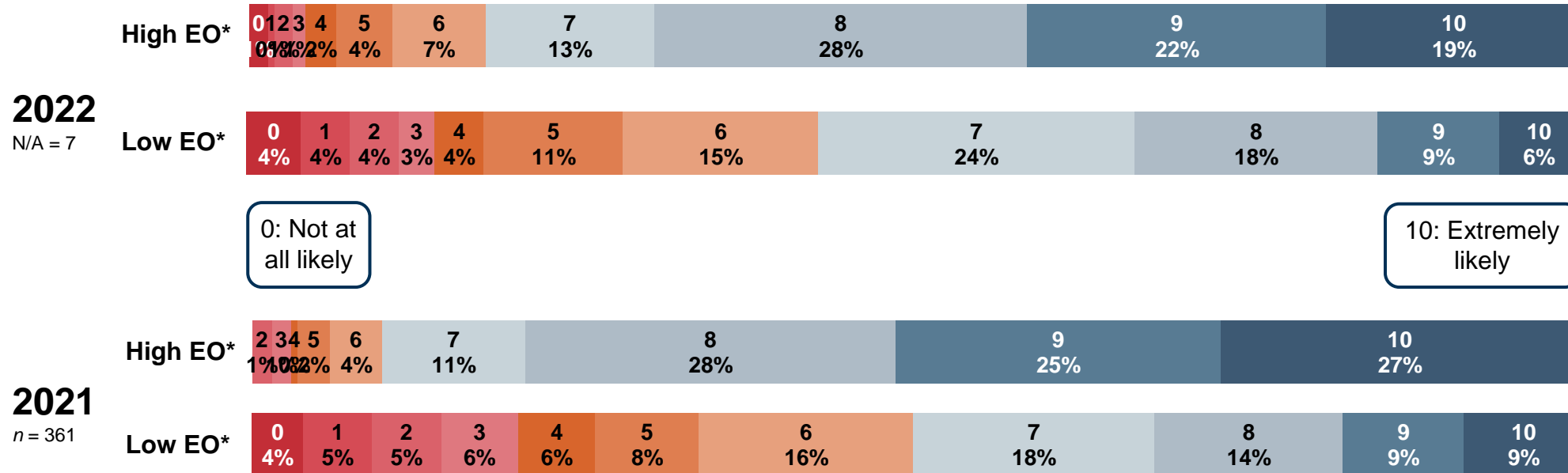




# However, employees are more satisfied with their procurement organization if it has a high level of entrepreneurial orientation

Employees

How likely would you recommend working with your procurement organization to a friend or a colleague?



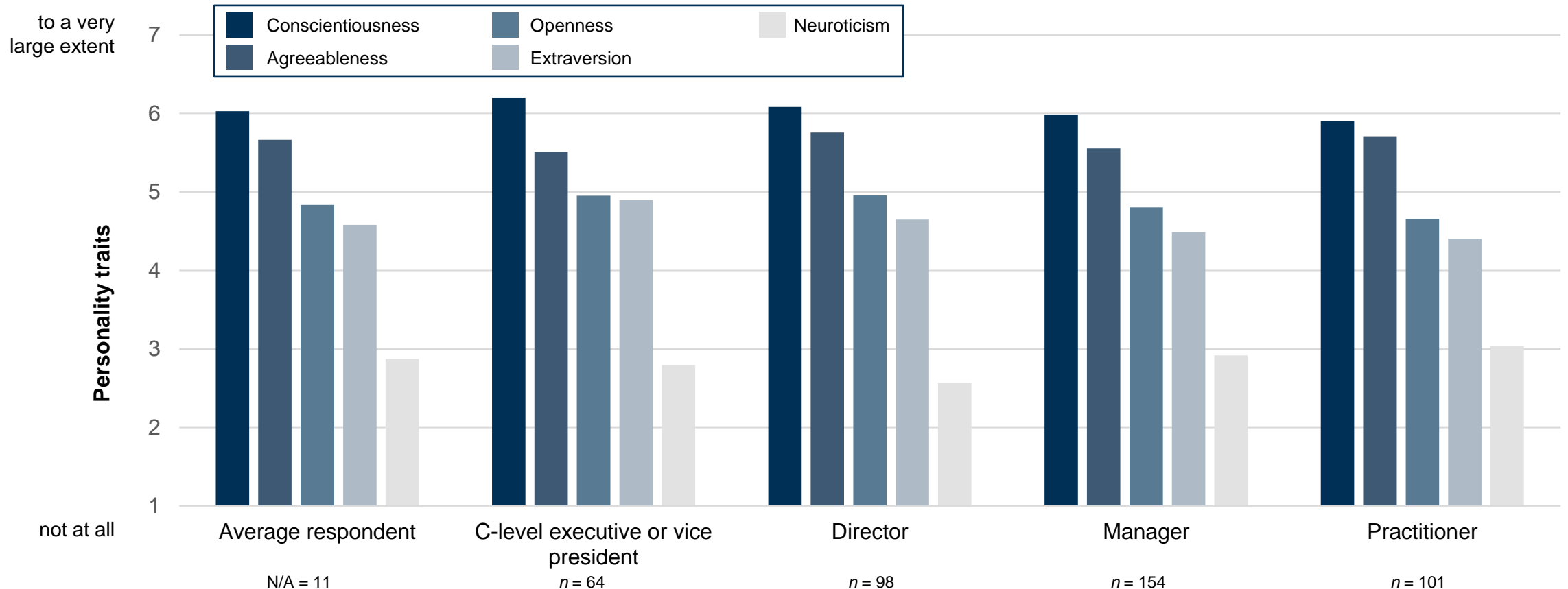
Three dimensions of entrepreneurial orientation (EO) in the Survey:



# The respondents are very conscientious, especially C-level executives and vice presidents

Employees

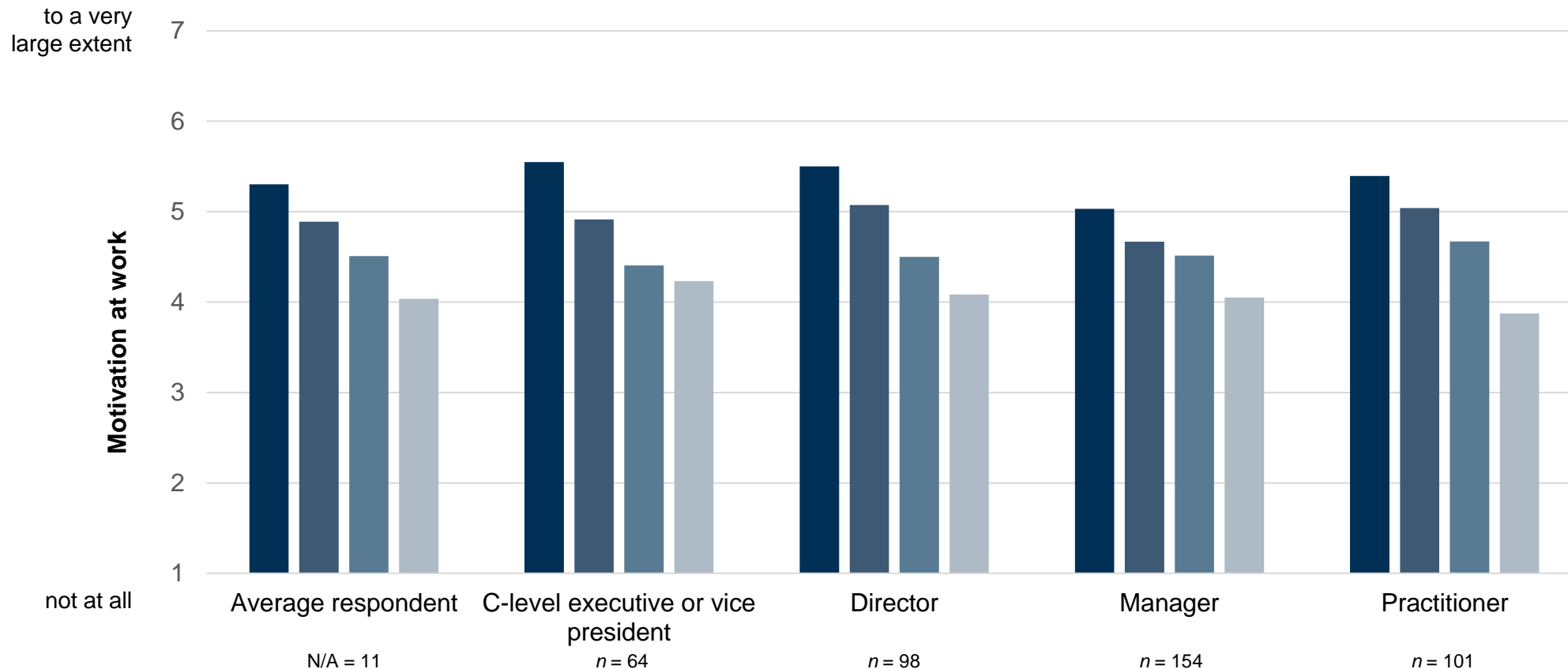
## Personality traits of procurement employees



# Most of the respondents are in the procurement profession because they enjoy it

Employees

## Reasons why the respondents are doing their jobs



-   
**Intrinsic**
-   
**Identified**
-   
**Extrinsic**
-   
**Introjected**

# We thank all executives for their participation in the State of the Procurement Profession Survey 2022

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Christoph is a full professor at the University of Mannheim Business School and holds the Endowed Chair of Procurement.

Christoph obtained his PhD from WHU, Germany and his habilitation from ETH Zürich, Switzerland. His research interests lie in operations management, procurement and supply chains. Christoph's articles have been published in leading journals. He is affiliated with ETH Zürich and the University of Tilburg.



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Ruth is a doctoral researcher at University of Mannheim's Business School. Her research interests are in procurement, supply chain management and sustainability. Prior to pursuing her PhD, she studied business administration at the University of Cologne, the Estonian Business School (EBS) in Tallinn, and the Dublin City University (DCU).



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Marcell Vollmer is Chief Executive Officer at Prospitalia Group and earned a PhD in Economics from the University of Hamburg in Germany.

Before that he was Partner & Director at Boston Consulting Group (BCG) with over 20 years of experience developing and implementing procurement, shared services, and digital transformation strategies across industries globally. Prior to BCG, Marcell was Chief Innovation Officer at Celonis, Chief Digital Officer, COO as well as Chief Procurement Officer at SAP.



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