

STATE OF THE PROCUREMENT PROFESSION SURVEY 2023

Executive Summary

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Data were collected in early 2023 by means of an online survey

Research setting

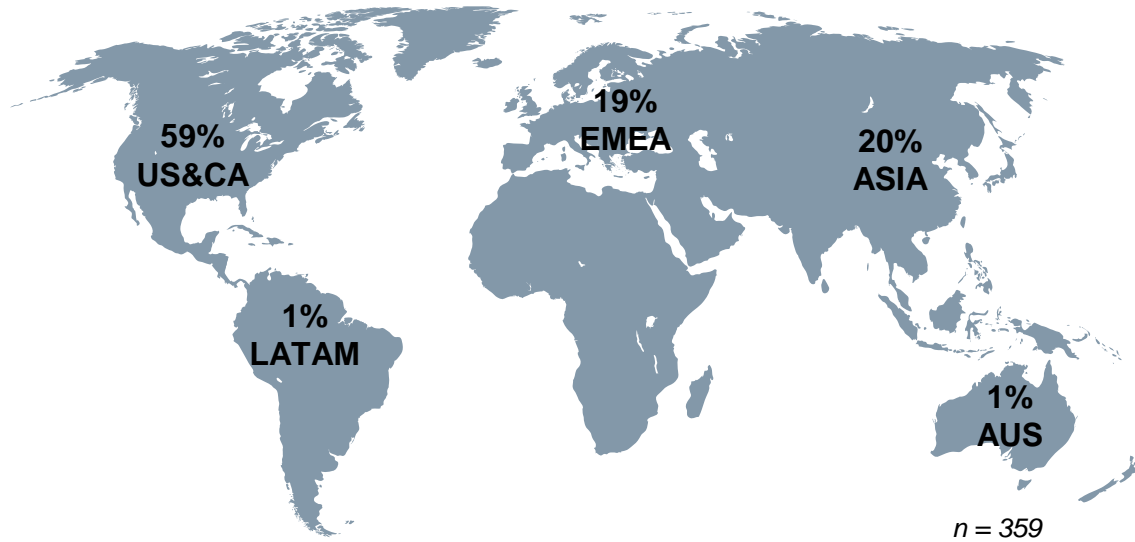
- Key informant approach
- Units of analysis:
 - Firm (buying firm)
 - Function (procurement organization)
 - Individual (procurement employee)

Data collection

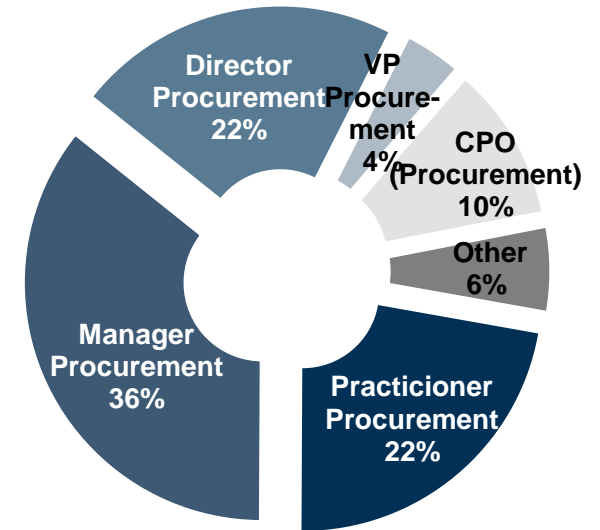
- Standard online survey (with Qualtrics as survey tool)
- Joint data collection with ISM (population frame, N)
- Time frame: February 2023 – April 2023
- Number of full responses: n = 409
- Median response time: 23 min

A total of 1,247 executives participated in the survey and 409 full responses were used for this summary

Geography

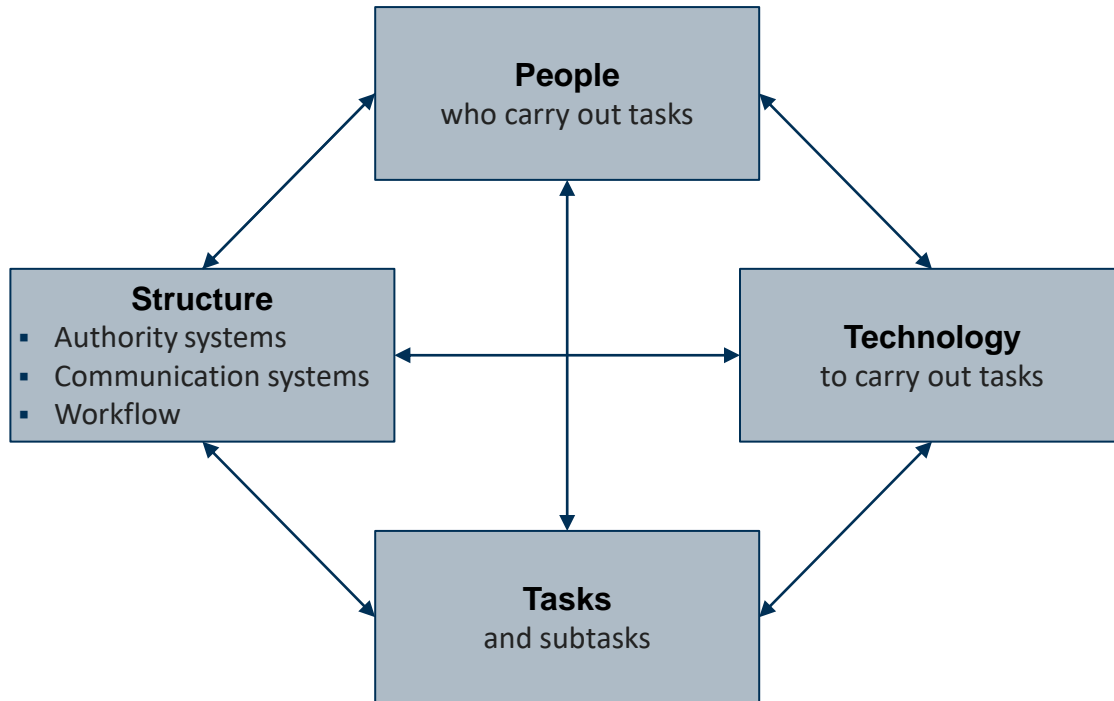


Seniority

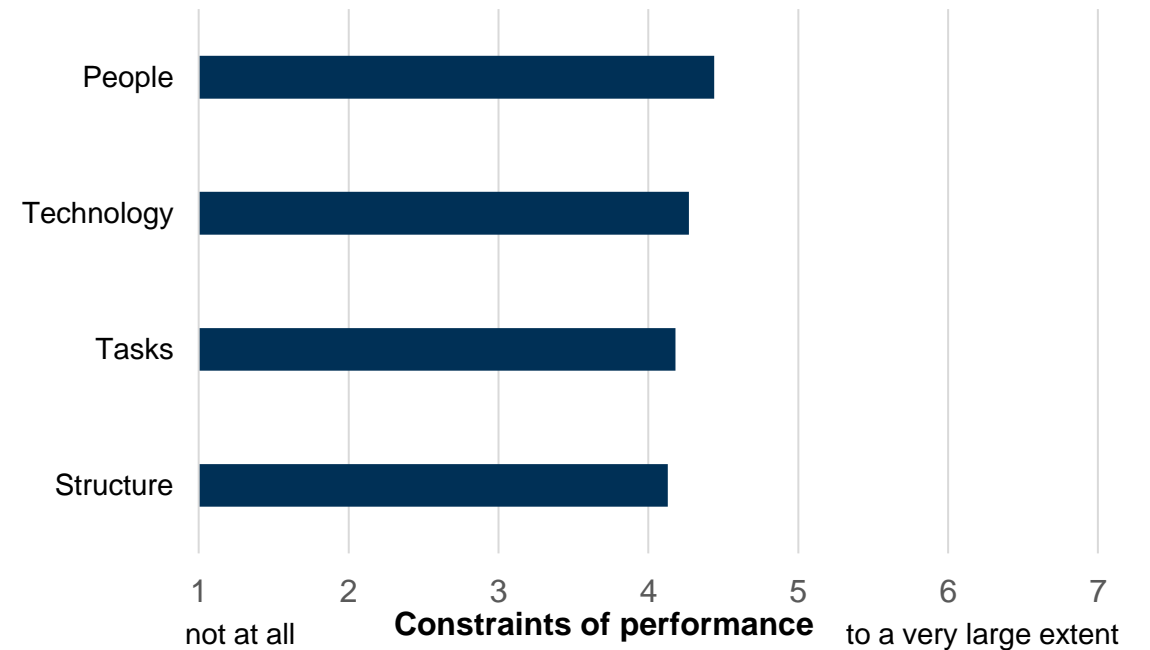


Changes can increase performance only when people, technology, tasks, and structure are balanced; currently, the largest roadblock is people

Leavitt's alignment model ("diamond")



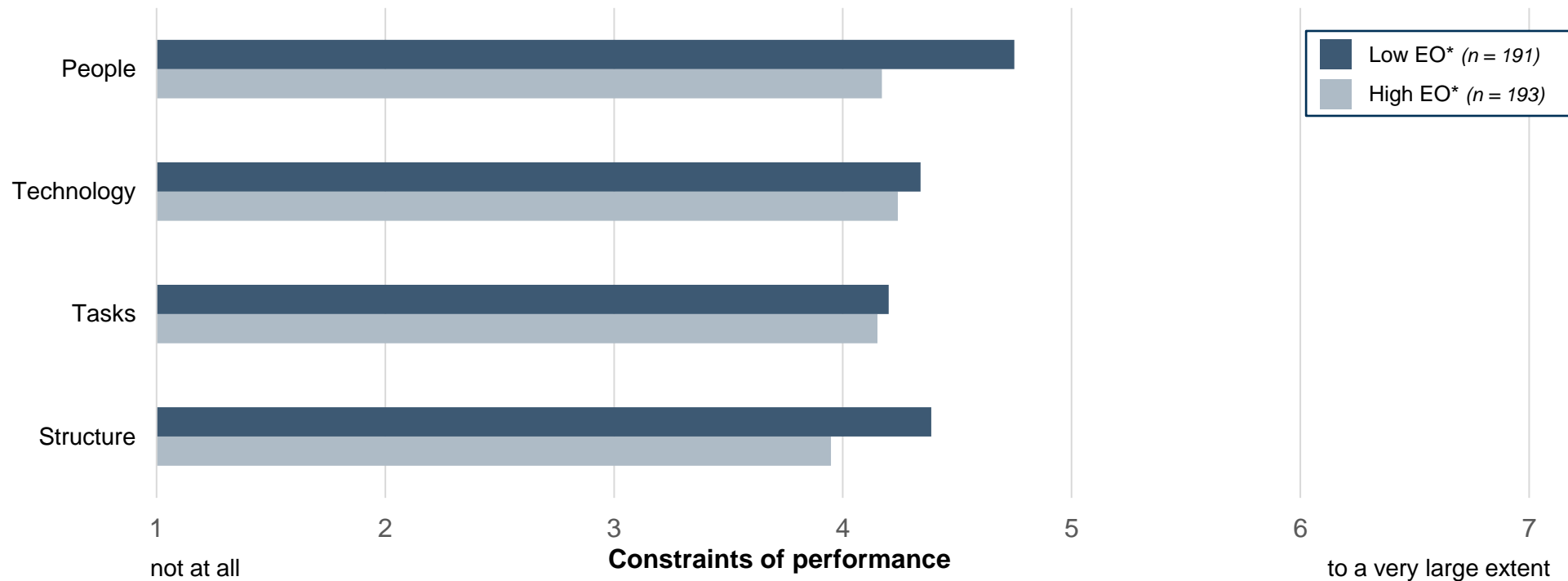
Performance roadblocks



n = 401

Companies with high entrepreneurial orientation (EO) have better access to people; their largest roadblock is technology

Performance roadblocks

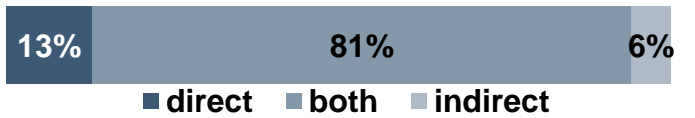


Three dimensions of entrepreneurial orientation (EO) in the Survey:

-  Proactiveness
-  Innovativeness
-  Risk taking

The procurement function reports mainly to the CFO

Spend responsibilities



n = 405

2,277 Mio US-\$

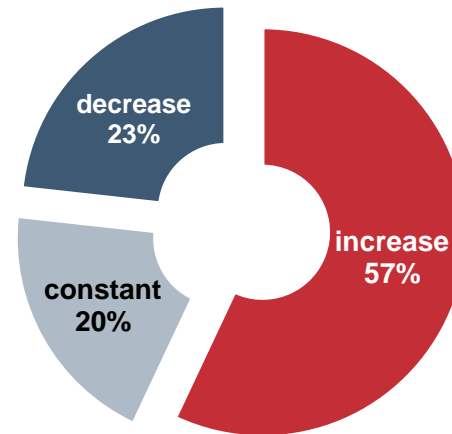
n = 321

Avg. # direct suppliers

47,921

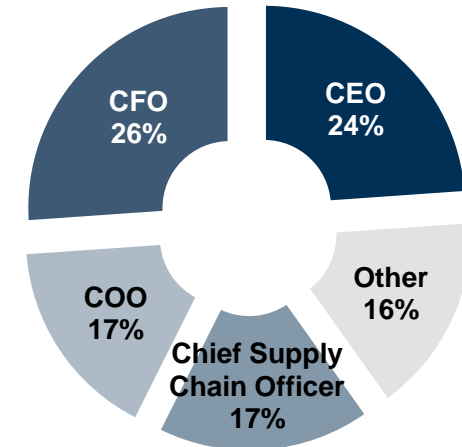
n = 397

Spend in 2023 compared to 2022



n = 402

Procurement reports to...



n = 406

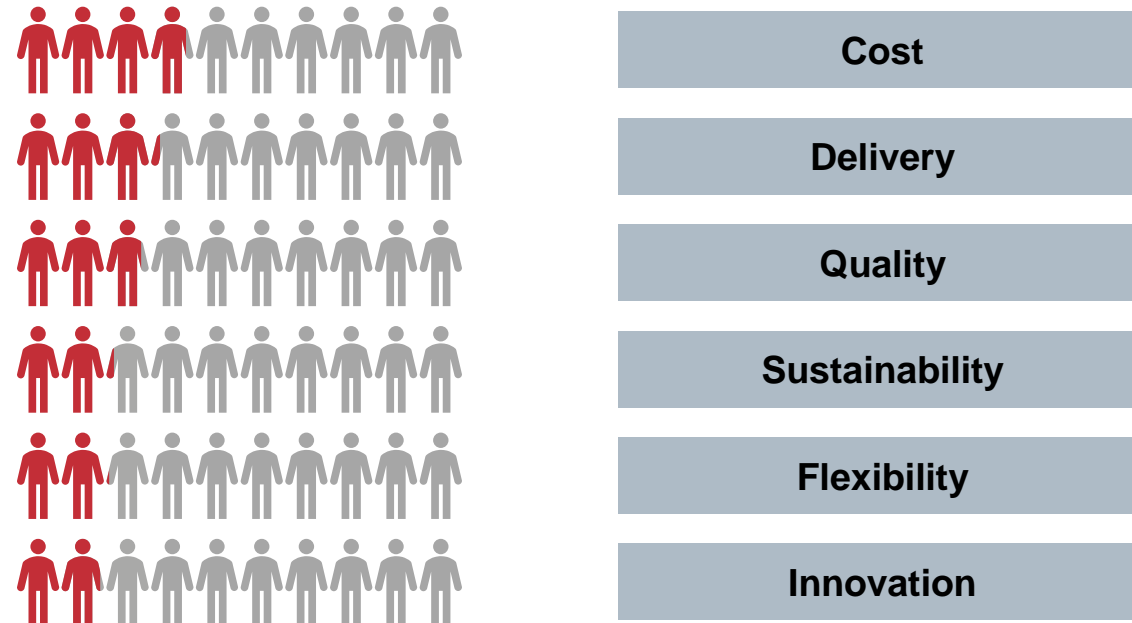
Procurement size (Avg. # employees)

2,365

n = 400

Procurement is strongly involved in strategic meetings on cost and delivery and less in meetings focusing on innovation, flexibility, and sustainability

Procurement's seats at the table when discussing about _____



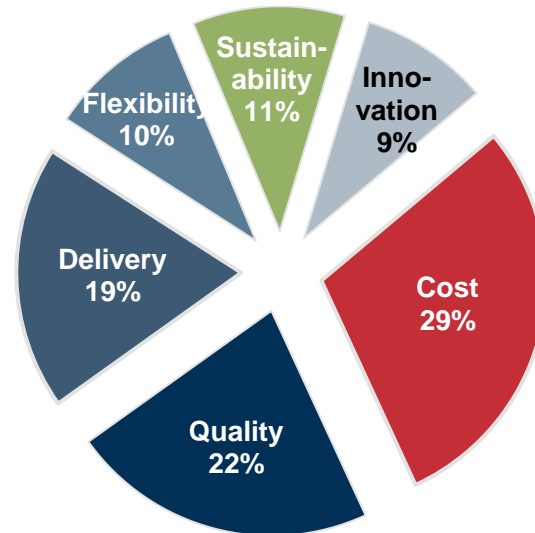
n = 407

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

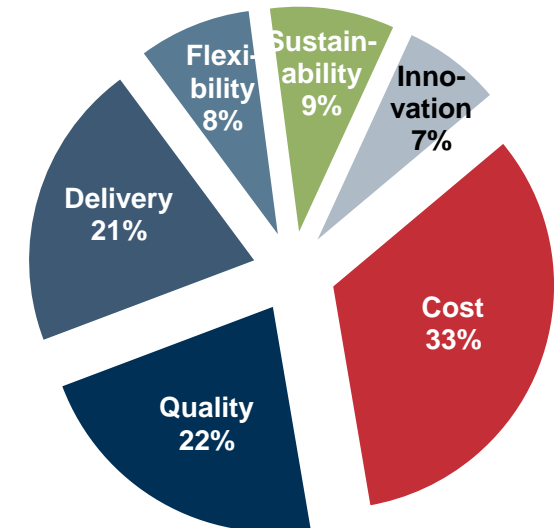
Competitive priorities



...for the top-management



...for procurement in the sourcing process



n = 402

n = 403

These competitive priorities are also the top-priority topics of procurement organizations

Procurement's top-priority topics

1. Cost

2. Availability and demand uncertainty

3. Delivery

4. Sustainability and ethics

5. Quality

6. Inventory

7. Risk management

8. Innovation

9. Organization, processes

10. Relationship management

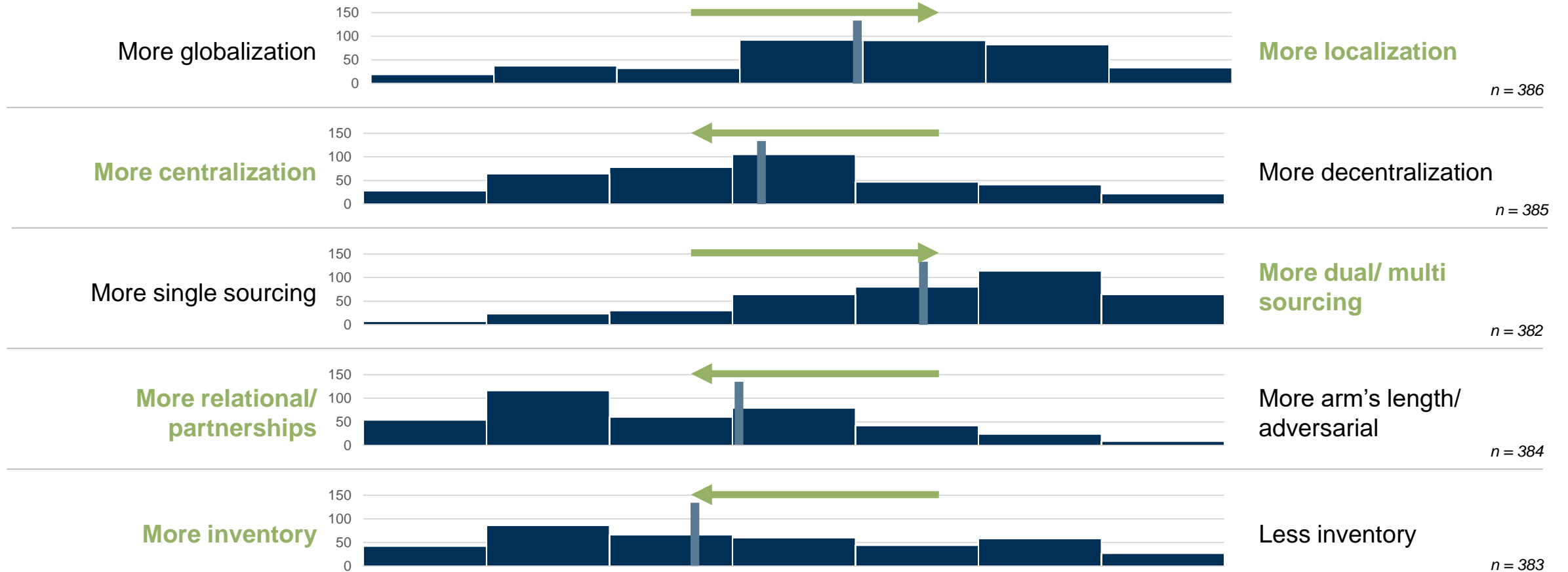
11. Talent and skills

12. Compliance



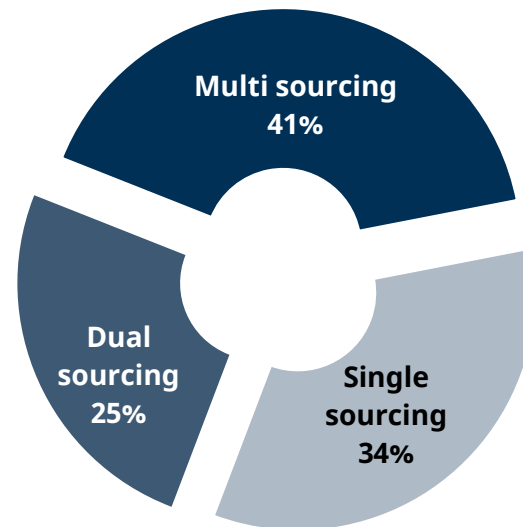
Due to recent crises, procurement organizations rely more on multi sourcing and focus on closer relationships with their suppliers

Change in procurement strategies due to recent crises (Covid-19, Russia-Ukraine war, inflation, energy crunch, ...)



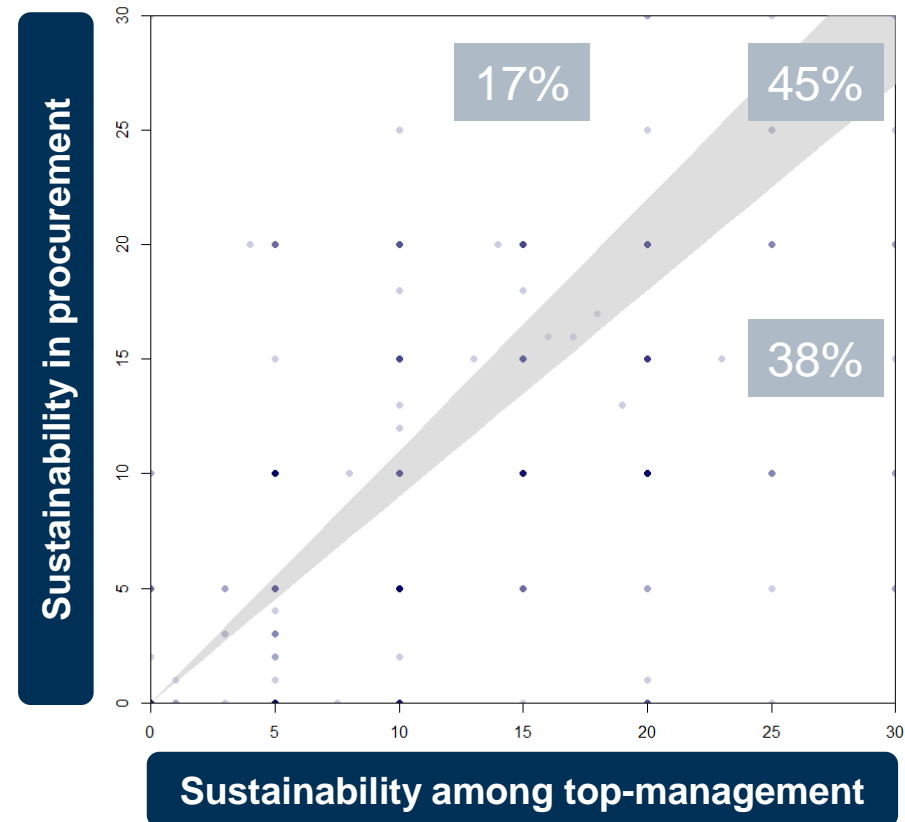
The shift towards dual/ multi sourcing can also be seen when looking at the companies' sourcing strategies

Sourcing strategy



n = 408

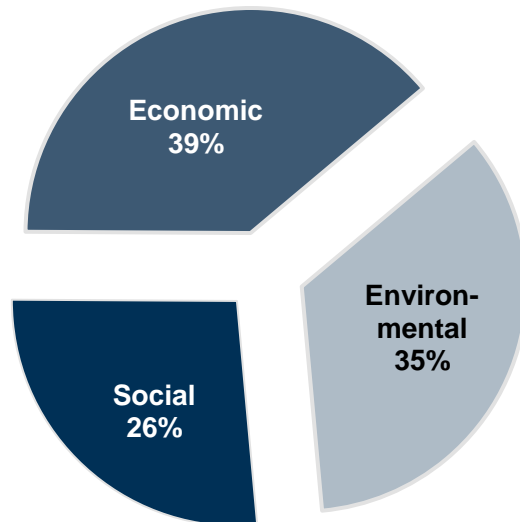
Sustainability: Corporate intentions among top-management and the implementation in procurement are most often decoupled from each other



n = 399

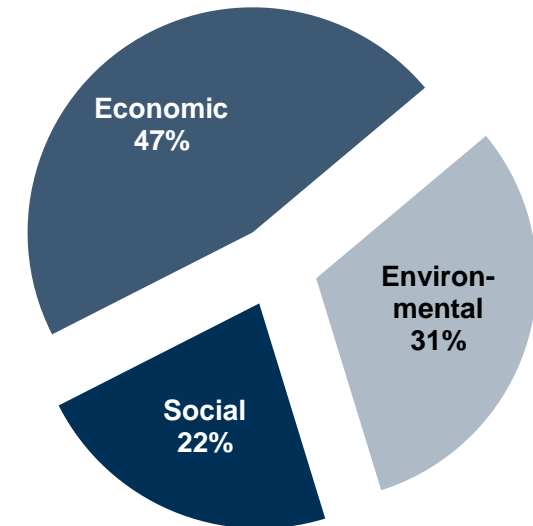
Sustainability: Procurement is focusing less on the social and the environmental dimension of sustainability than top-management does

Top-management



n = 365

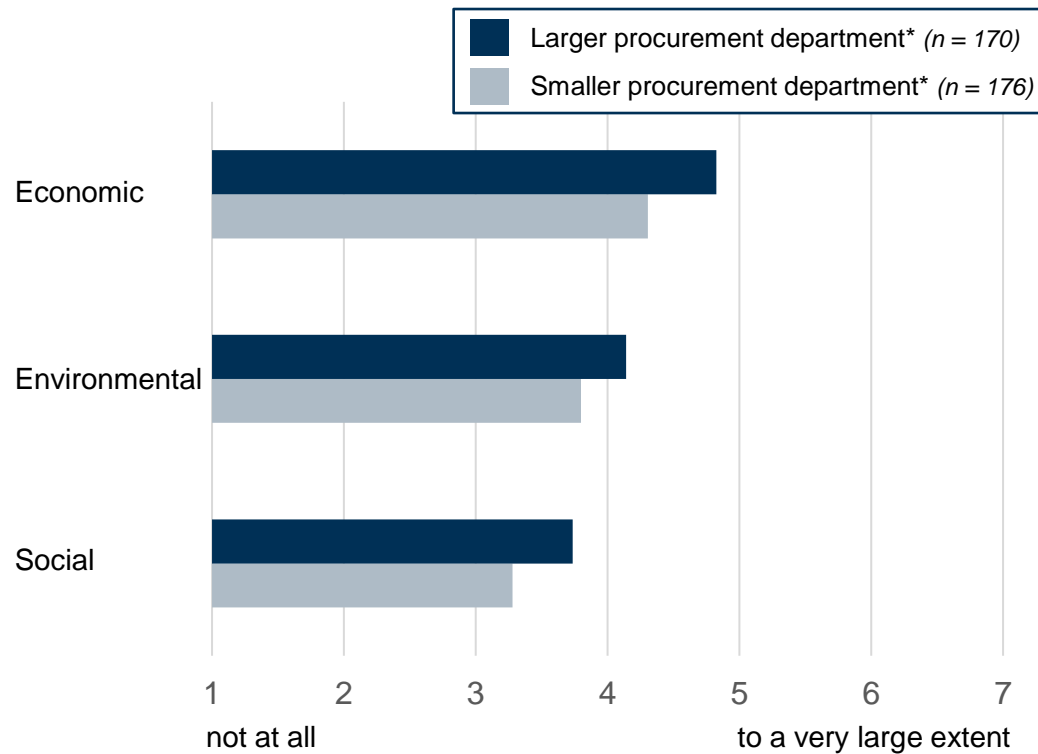
Procurement



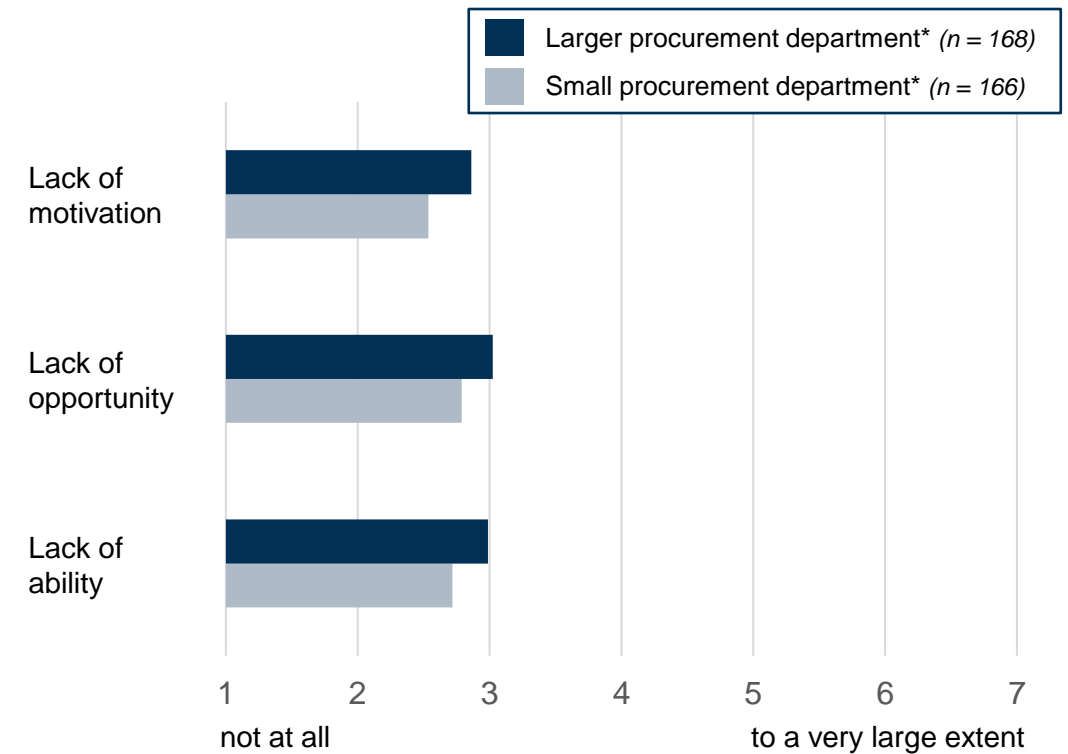
n = 365

Sustainability: Social supplier performance is measured least and companies consider paying compensation most when they lack opportunities

Measurement of supplier's sustainability performance

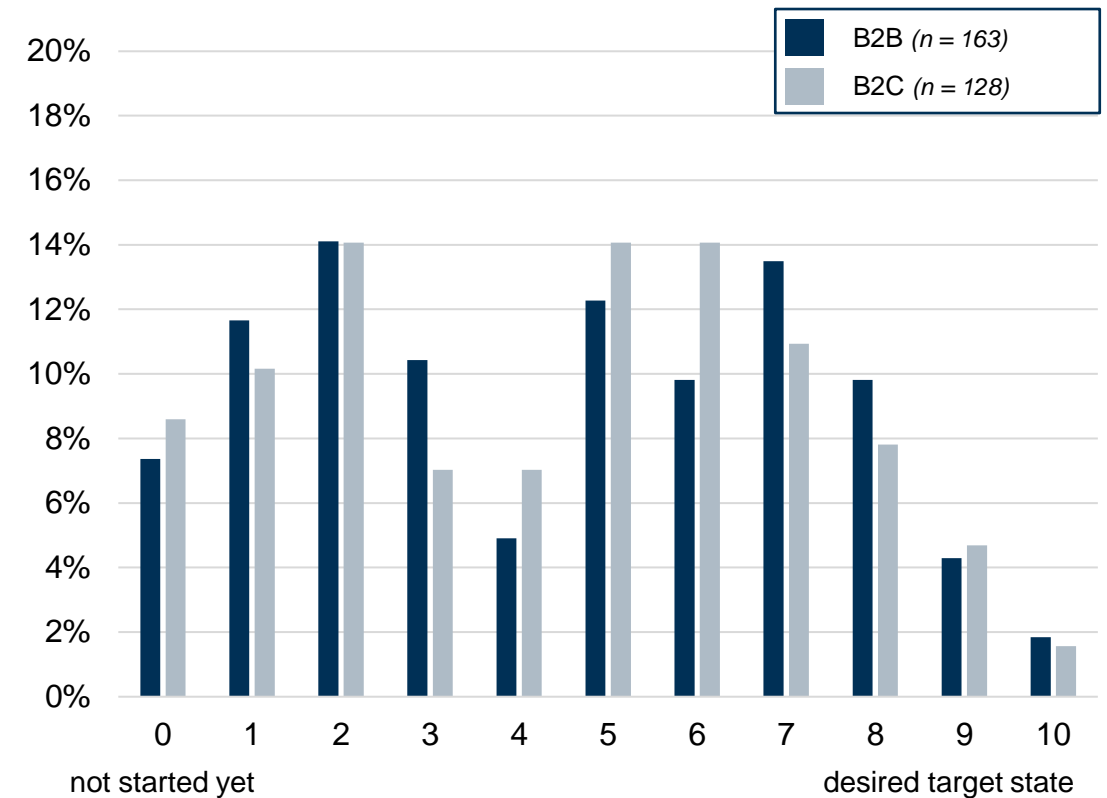
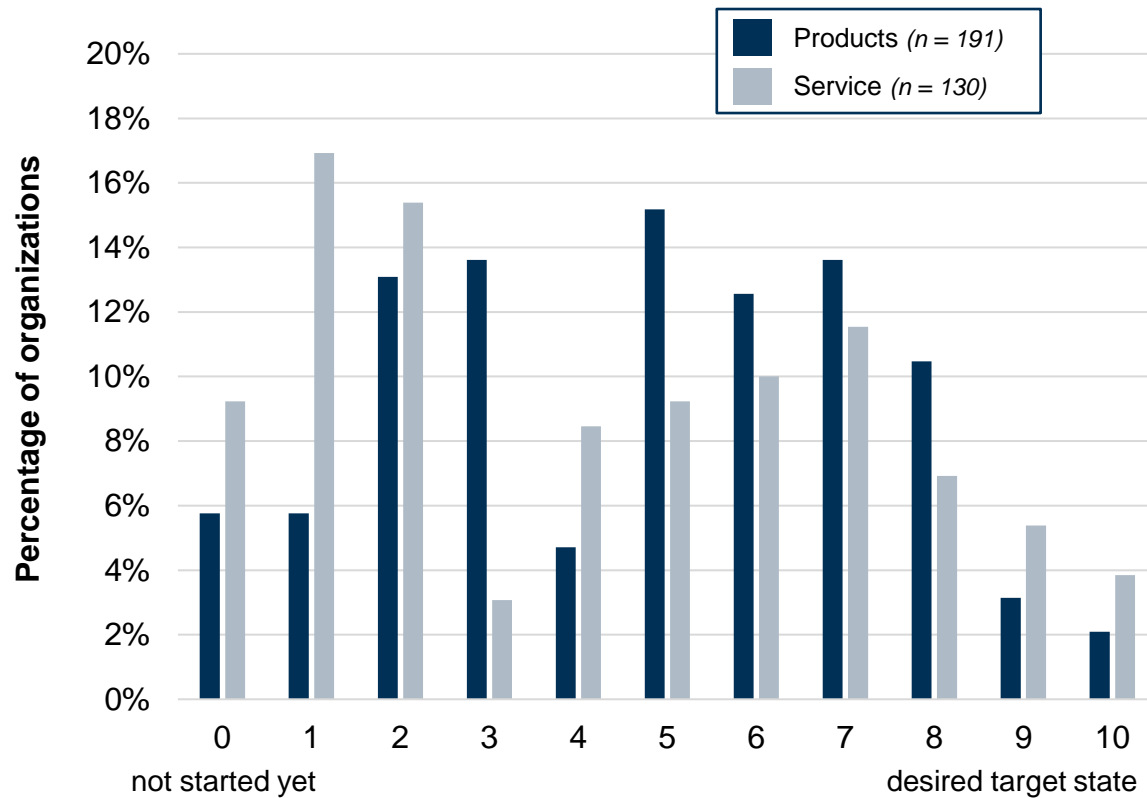


Consideration of compensation instead of implementation



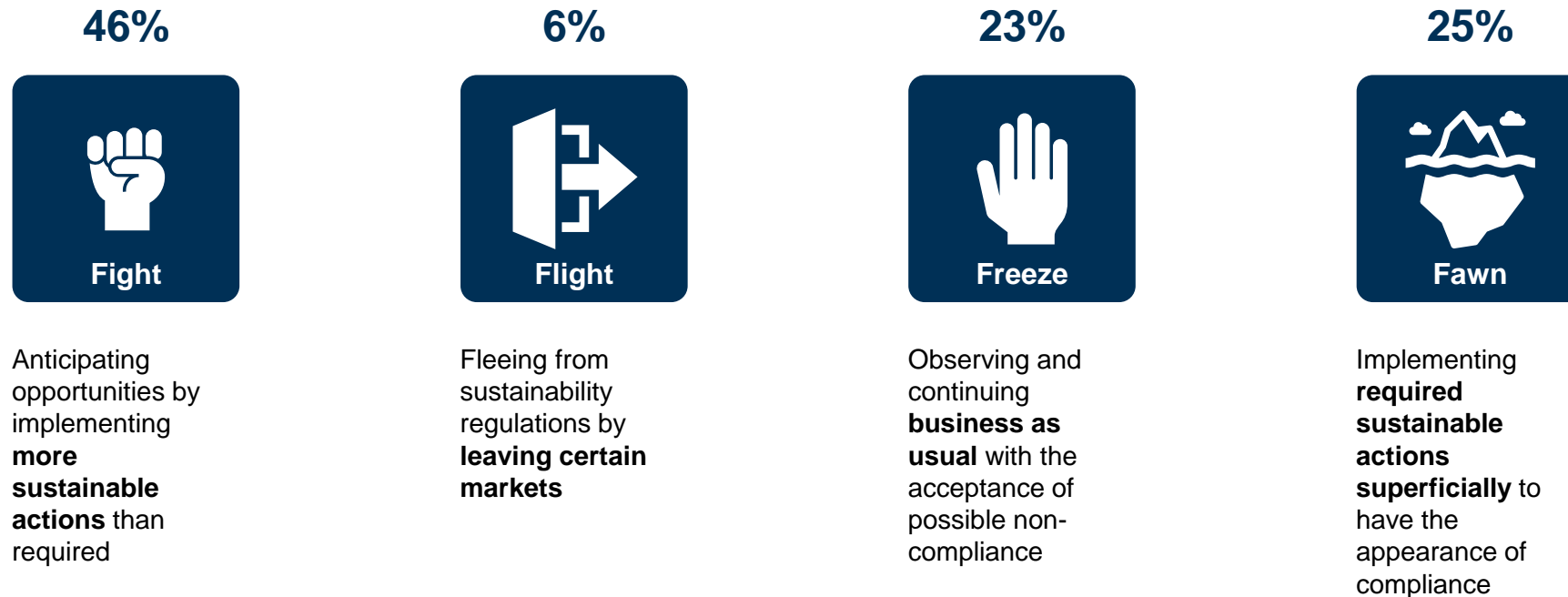
Sustainability: Companies selling products are ahead on their journey; companies selling to business and end customers are equally far

Sustainability journey



Sustainability: Not even half of the companies use the opportunities that come with sustainability regulation to become more sustainable

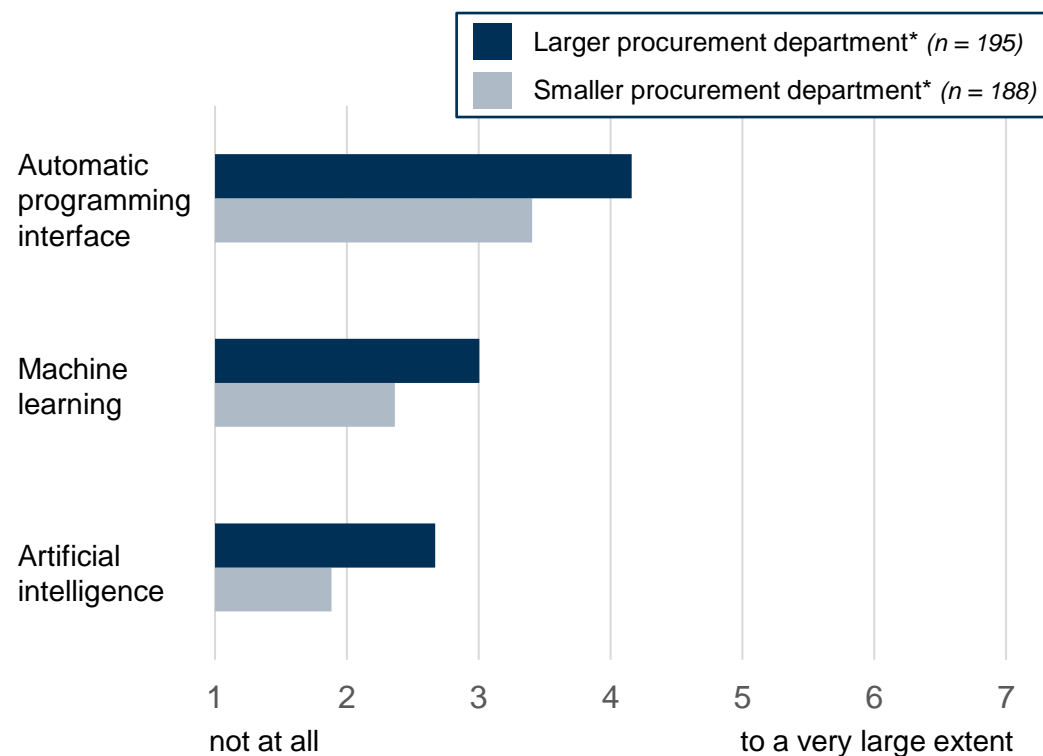
Company's reaction towards sustainability regulation



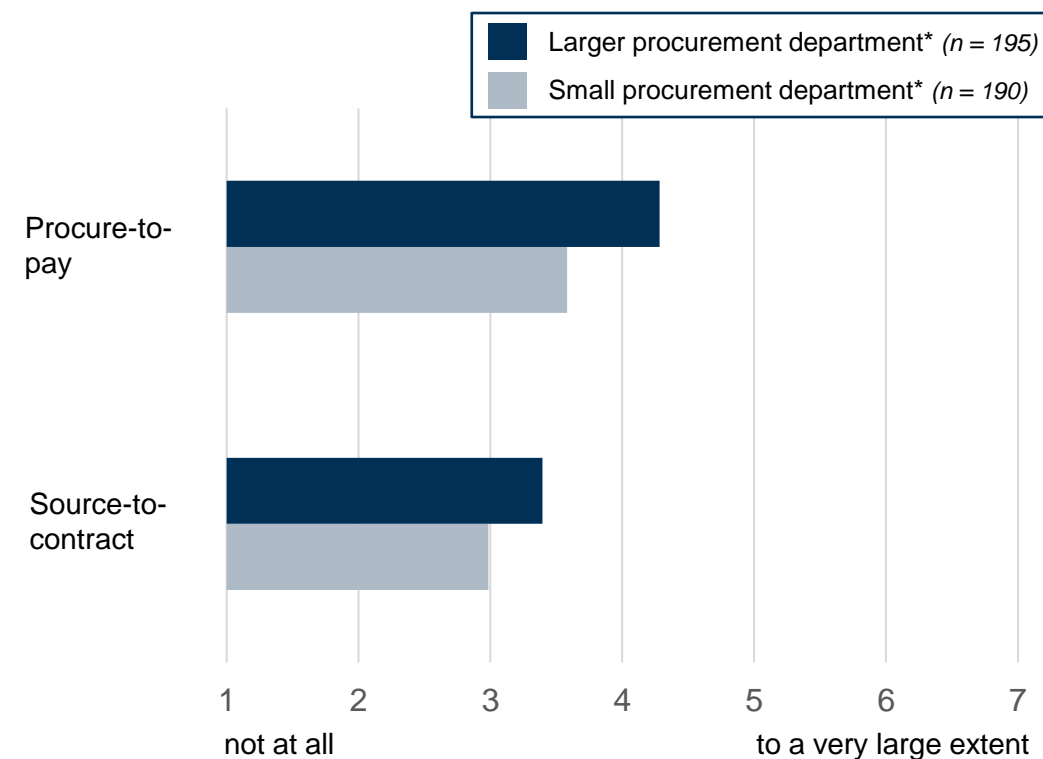
n = 360

Large companies have implemented technologies and automated their processes to a larger extent than small companies

Technology implementation

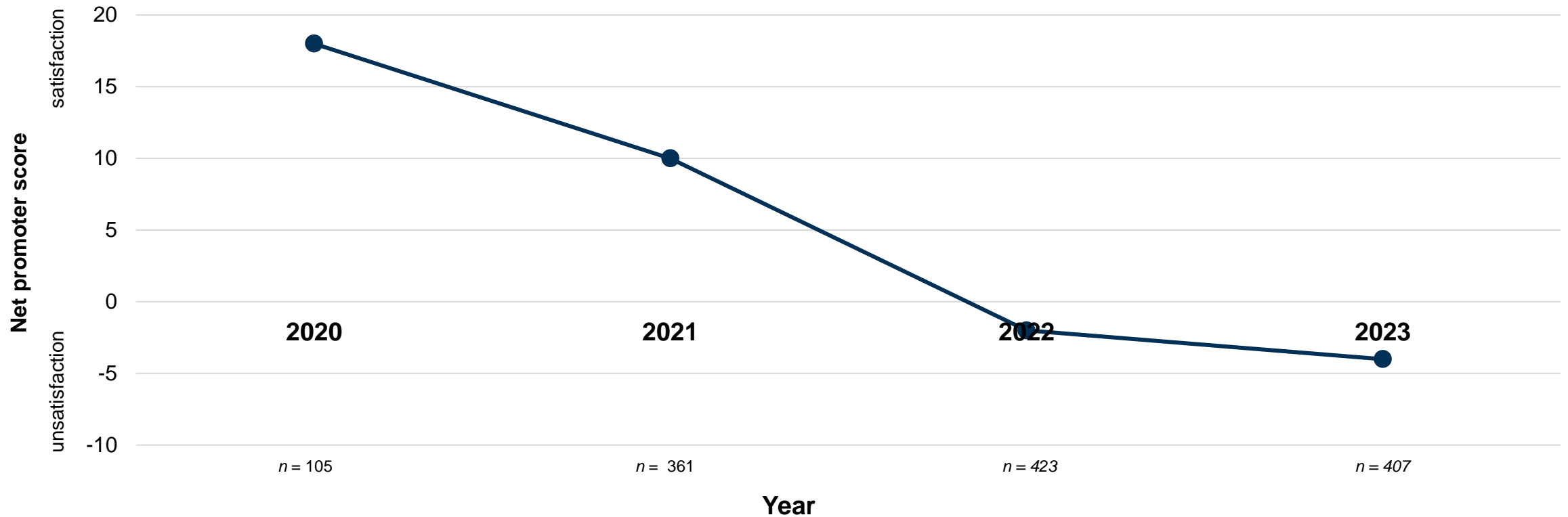


Process automation



The satisfaction with the procurement organizations the respondents are working for is decreasing in the last years

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

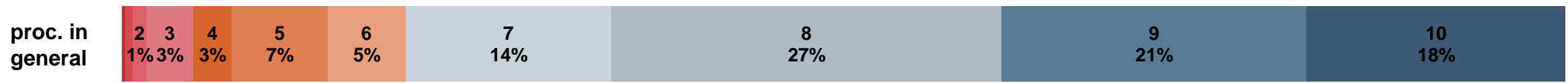
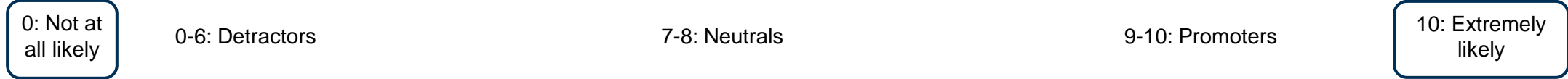


However, despite the professionals are unsatisfied with their procure-ment organization, they are still satisfied with procurement in general

How likely would you recommend working with _____ to a friend or a colleague?



NPS = -2



NPS = 20

n = 407

Key insights of the “State of the Procurement Profession Survey 2023”



Cost remains the dominant objective in procurement, with procurement focusing more on cost than top-management



Procurement is involved most in meetings when discussing about cost, delivery, and quality and less when discussing about innovation, flexibility, and sustainability



Larger procurement organizations have implemented more technologies and automated more processes than smaller organizations



People is the largest performance roadblock for procurement organizations, high entrepreneurial orientation can overcome this roadblock



Employees are more satisfied with procurement in general than with their own procurement organization



The recent crises have shifted the emphasis to higher levels of inventory and closer relationships with suppliers



Most companies are pursuing a multi-sourcing strategy, this is reinforced in light of the recent crises



Company's top-management puts more emphasis on sustainability in general as well as on both dimensions (social and environmental) than procurement does



Smaller companies are lagging in their sustainability journey, companies selling to business customers and to end customers are equally far

Despite procurement has a large lever in driving sustainability, the main objective of procurement is still cost and the measuring of supplier's performance focusses mainly on their economic performance

We thank all executives for their participation in the State of the Procurement Profession Survey 2023

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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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