

STATE OF THE PROCUREMENT PROFESSION SURVEY 2024

Executive Summary

Christoph Bode | Ruth Schültken | Marcell Vollmer



Data were collected in early 2024 by means of a global internet-based survey – for the fourth consecutive year in collaboration with ISM

Research design

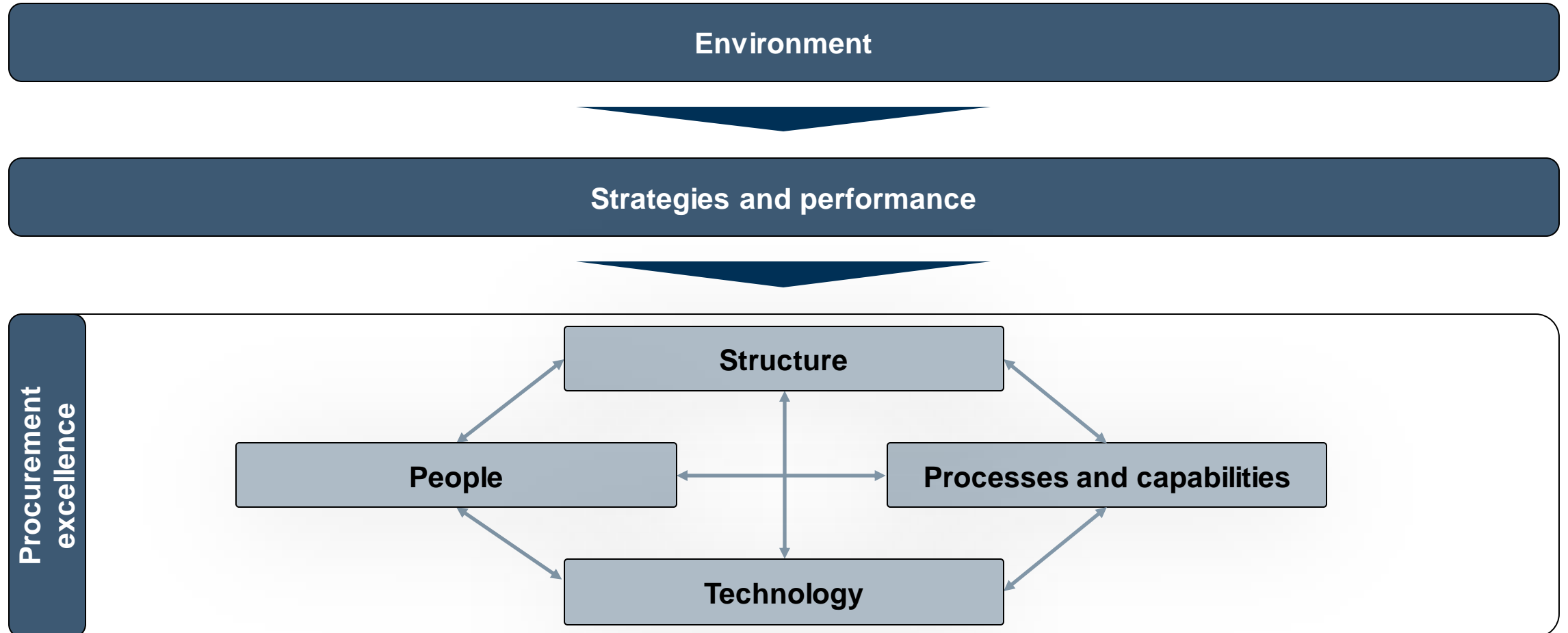
- Annual study conducted since 2017
- Objective is to collect the opinions of procurement professionals to...
 - **predict the future of procurement,**
 - **track procurement excellence** and relevant trends, and
 - **improve the value contribution** of procurement in organizations.
- Different levels and units of analysis:
 - Firm (buying firm)
 - Function (procurement organization)
 - Individual (procurement employee)

Data collection and sample

- Format: Online questionnaire
- Key informant approach
- Cross-sectional data, field time: February 2024 – April 2024
- Population frame (*N*): Global and cross-industry
- Median response time: 23 min
- Full responses: $n = 336$

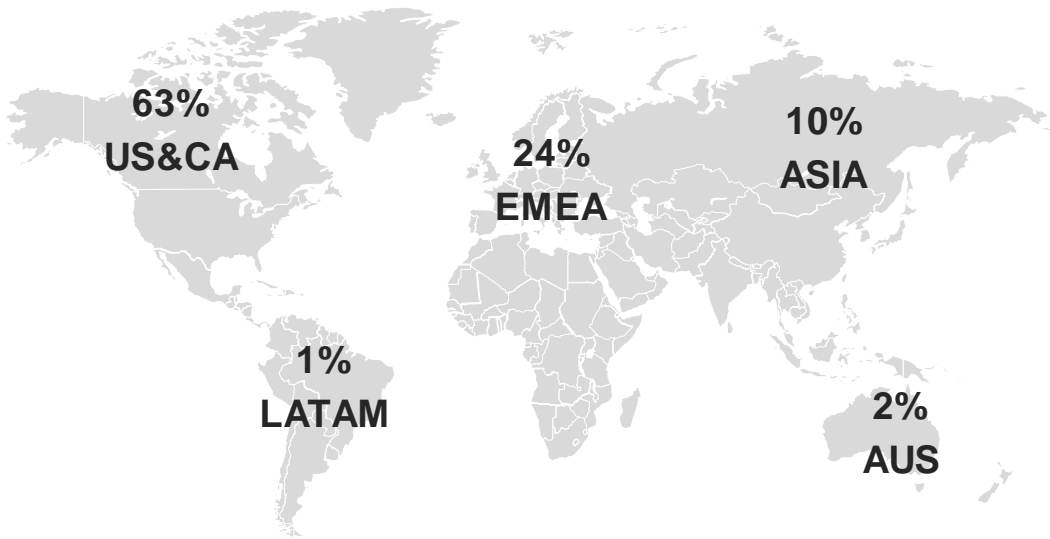


The study analyzed procurement organizations from several angles, providing comprehensive insights into the current state of the profession



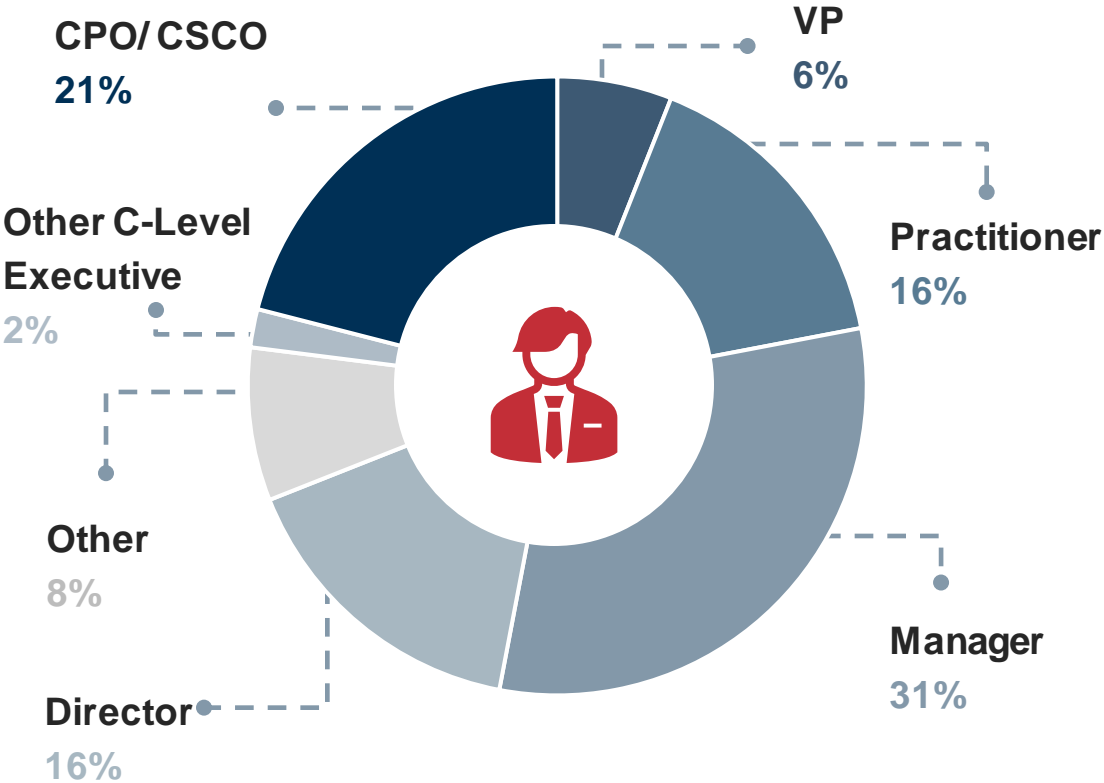
In total, 336 full responses were useable for the subsequent analyses

Geography



n = 320

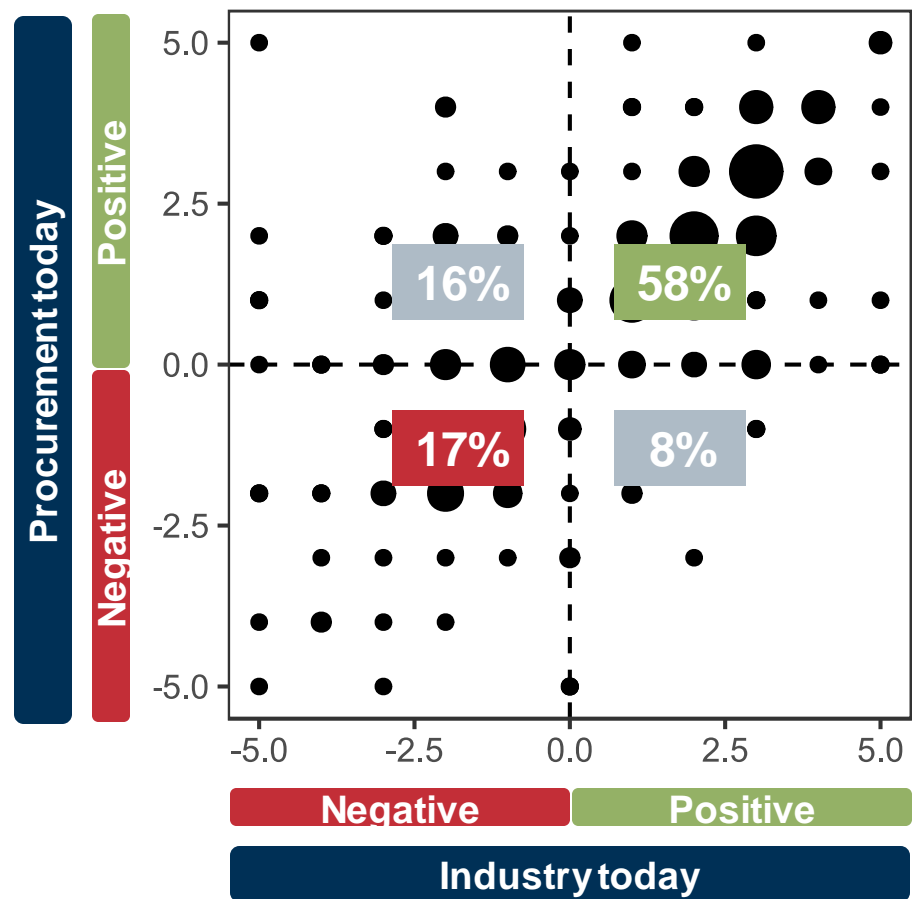
Seniority



n = 321

The economic climate within the procurement environment is assessed as positive, even when the broader industry environment is challenging

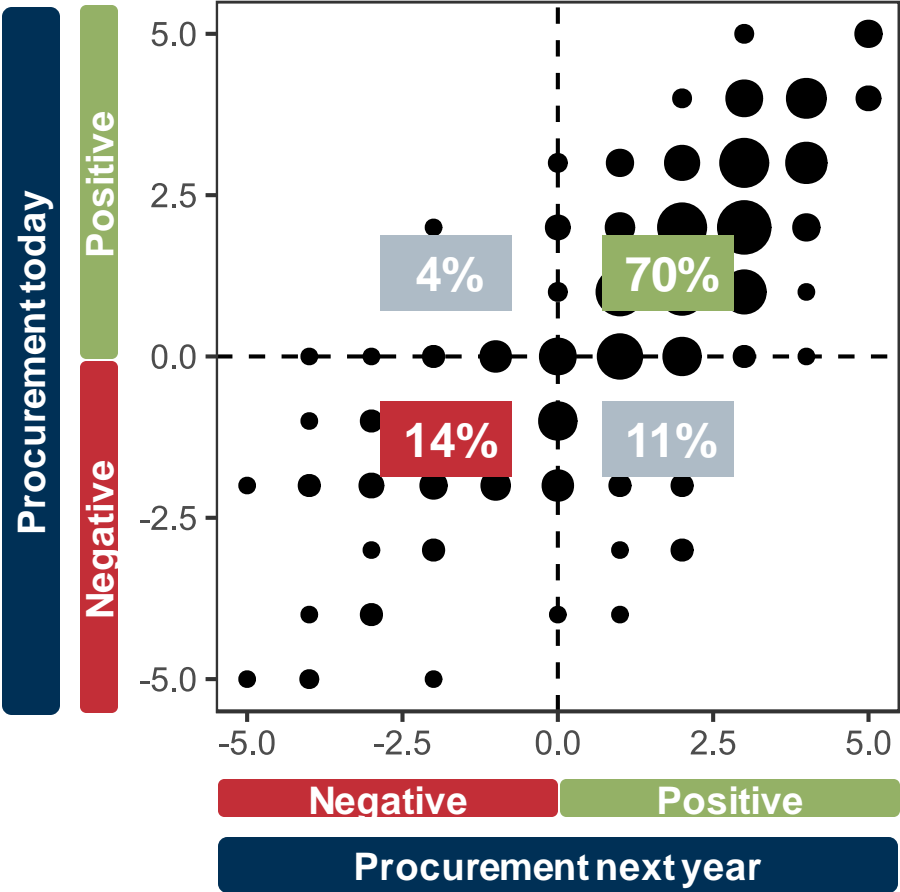
Please assess the economic climate (i.e., the general economic conditions and “mood”)...



n = 334

This assessment is projected into the forthcoming 12 months, indicating sustained optimism

Please assess the economic climate (i.e., the general economic conditions and “mood”)...



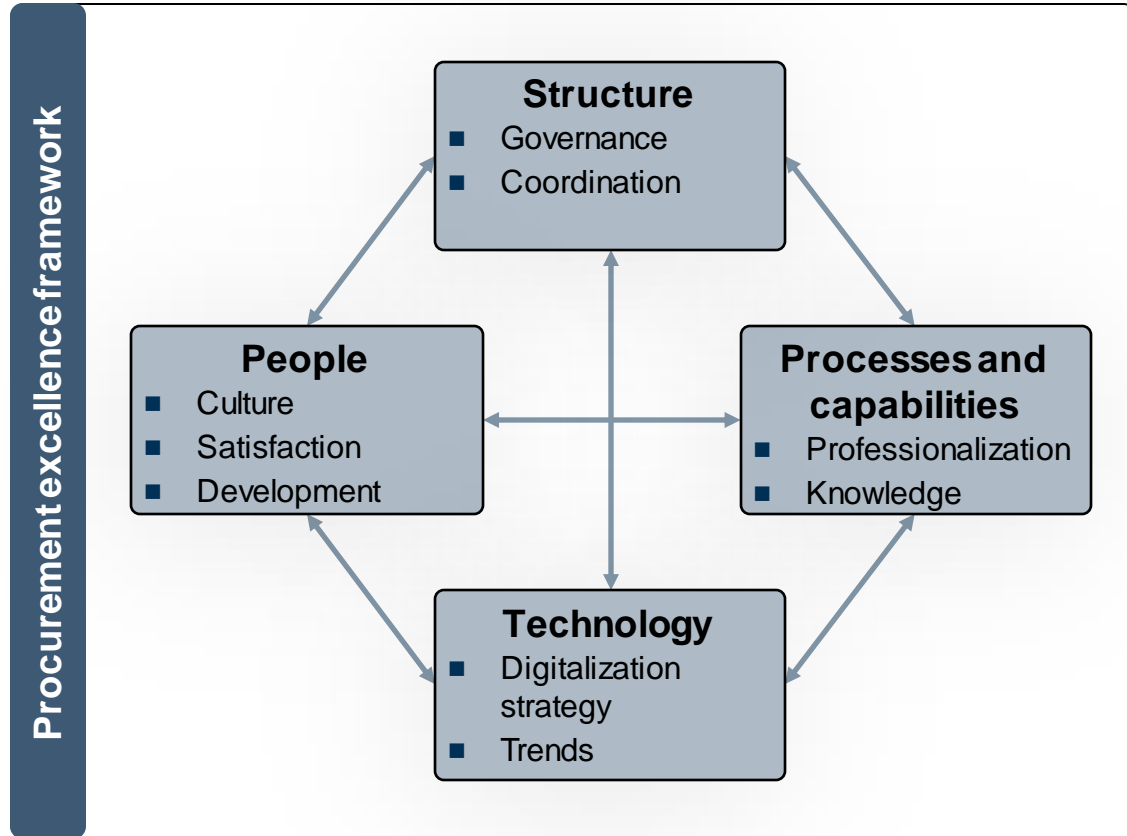
n = 333

This business environment also dictates procurement's top priorities: Cost, resilience, and the digital transformation

Procurement's top-priority topics

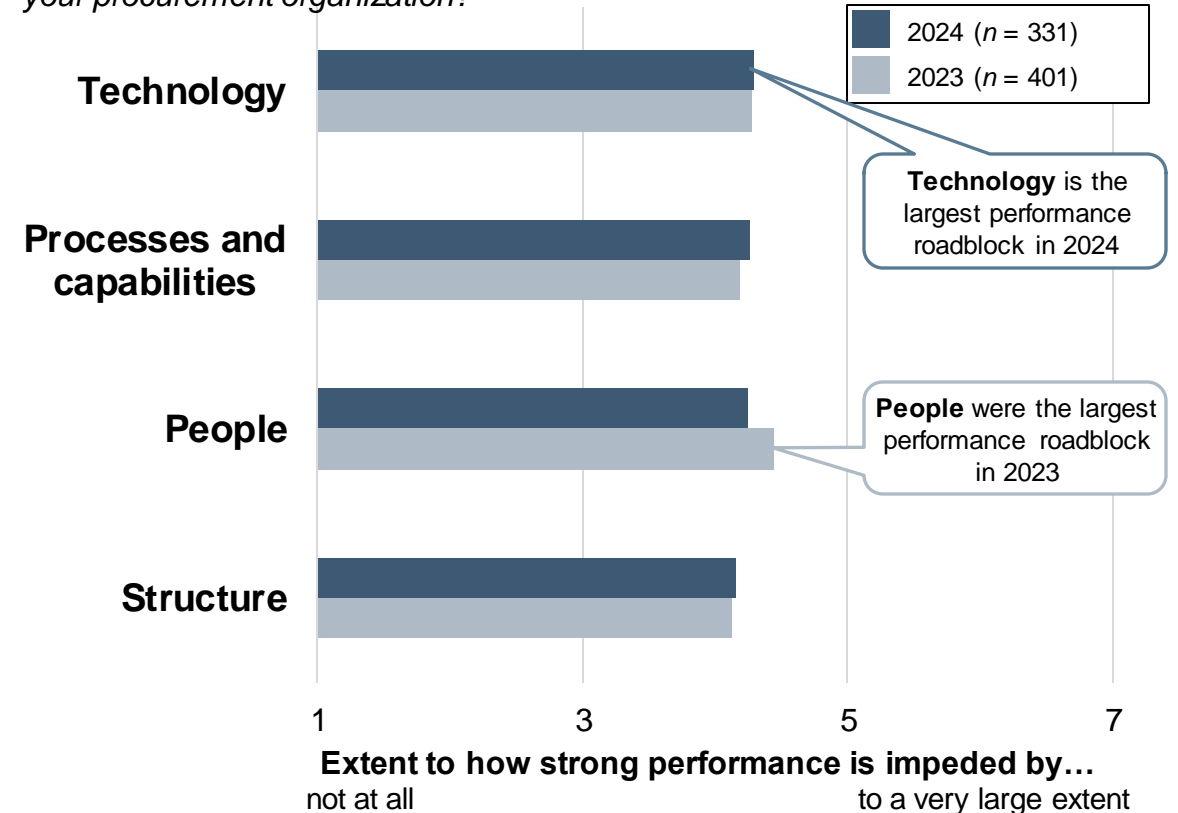


To track procurement excellence, we focus on 4 facets: Structure, processes and capabilities, technology, and people; Currently, technology presents the most significant challenge to procurement performance



Performance roadblocks: 2024 vs. 2023

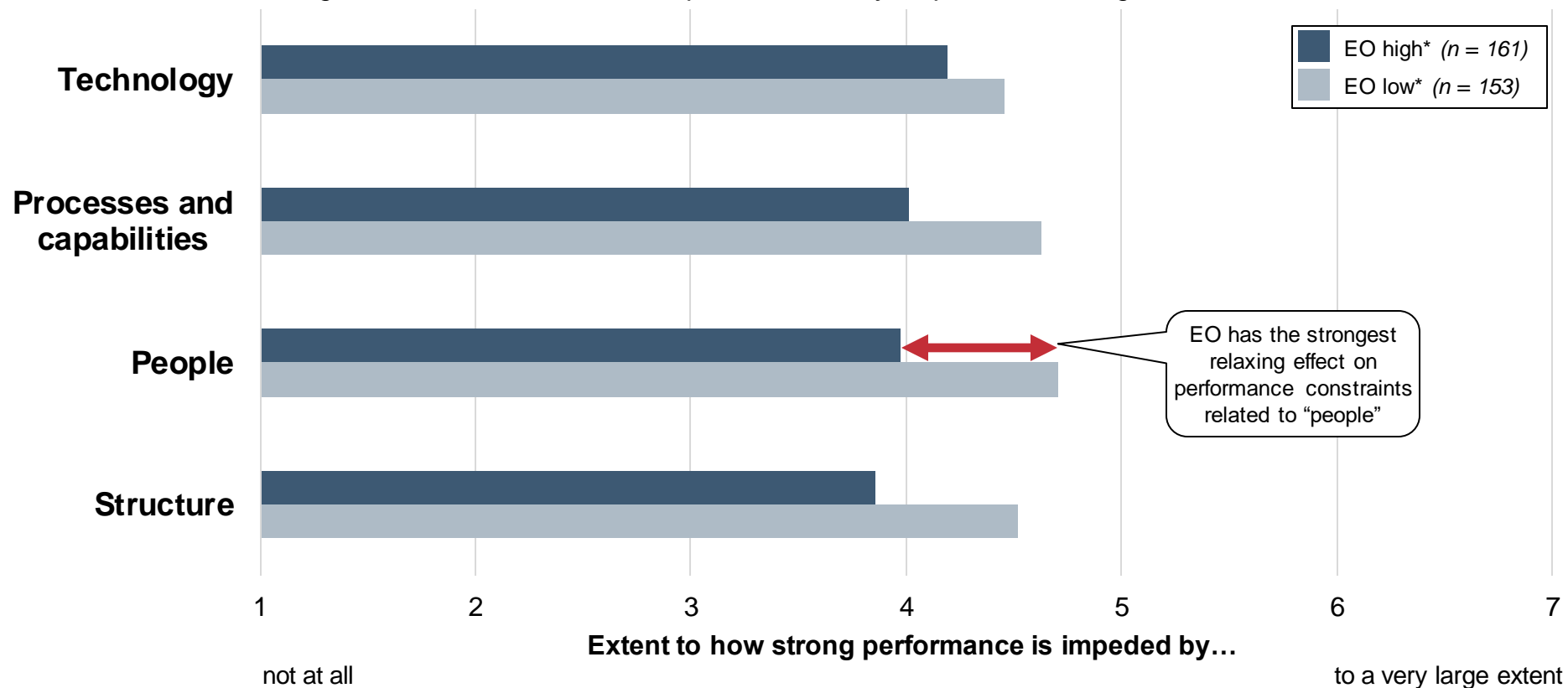
To what extent do the following thematic areas constrain the performance of your procurement organization?



Entrepreneurial orientation is a critical determinant of competitiveness for procurement organizations and relaxes performance constraints

Performance roadblocks: Effect of entrepreneurial orientation (EO)

To what extent do the following thematic areas constrain the performance of your procurement organization?



Three dimensions of entrepreneurial orientation (EO):

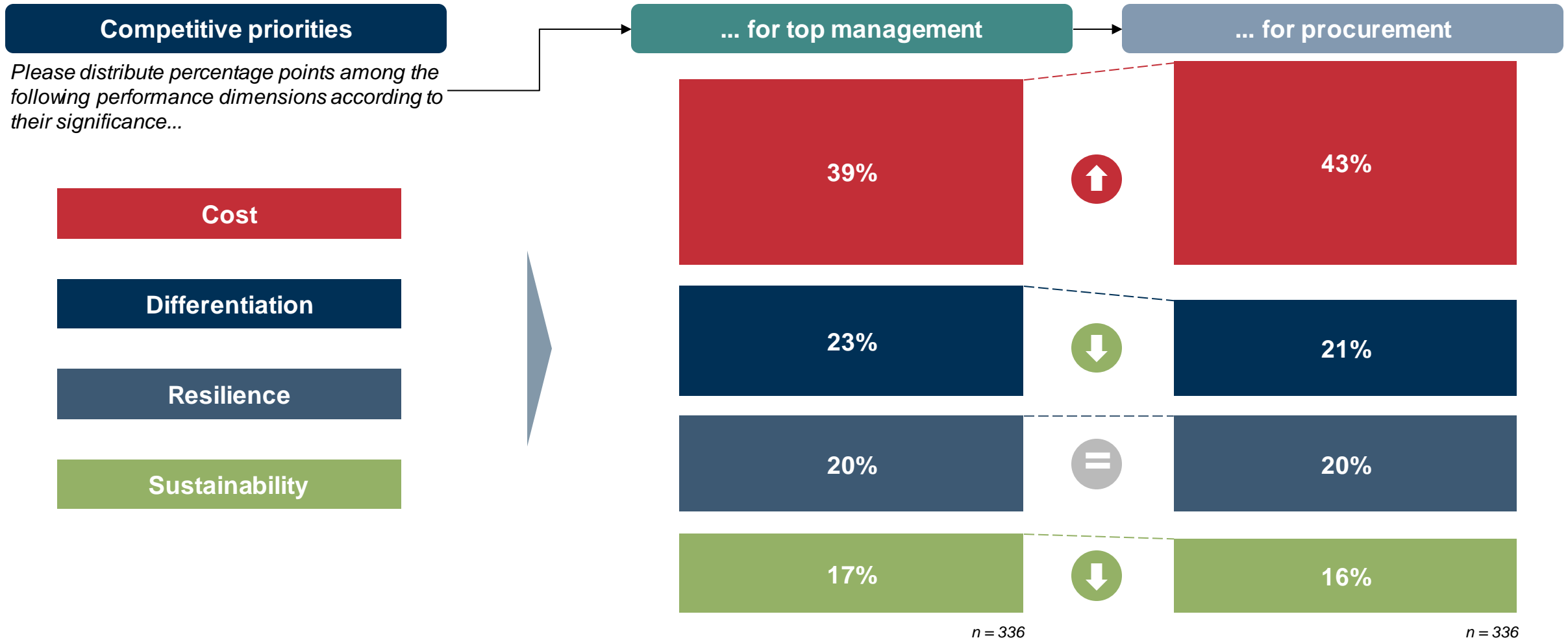
- Proactiveness**

Tendency to emphasize foresight to seize opportunities in anticipation of future demands.
- Innovativeness**

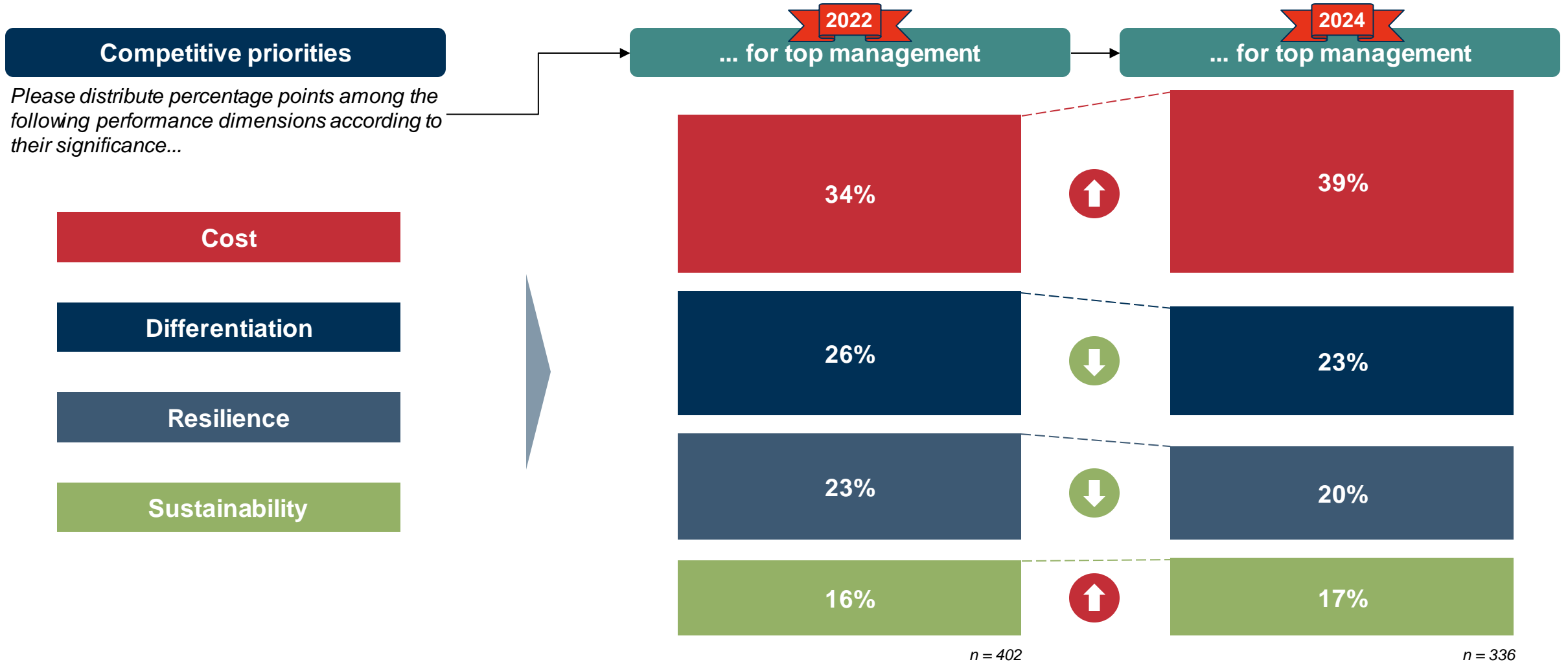
Tendency to embrace new technologies, ideas, or practices and go beyond the current state of the art.
- Risk taking**

Tendency to make decisions and take action without certain knowledge of outcomes; may involve risky resource commitments in the process of venturing forward.

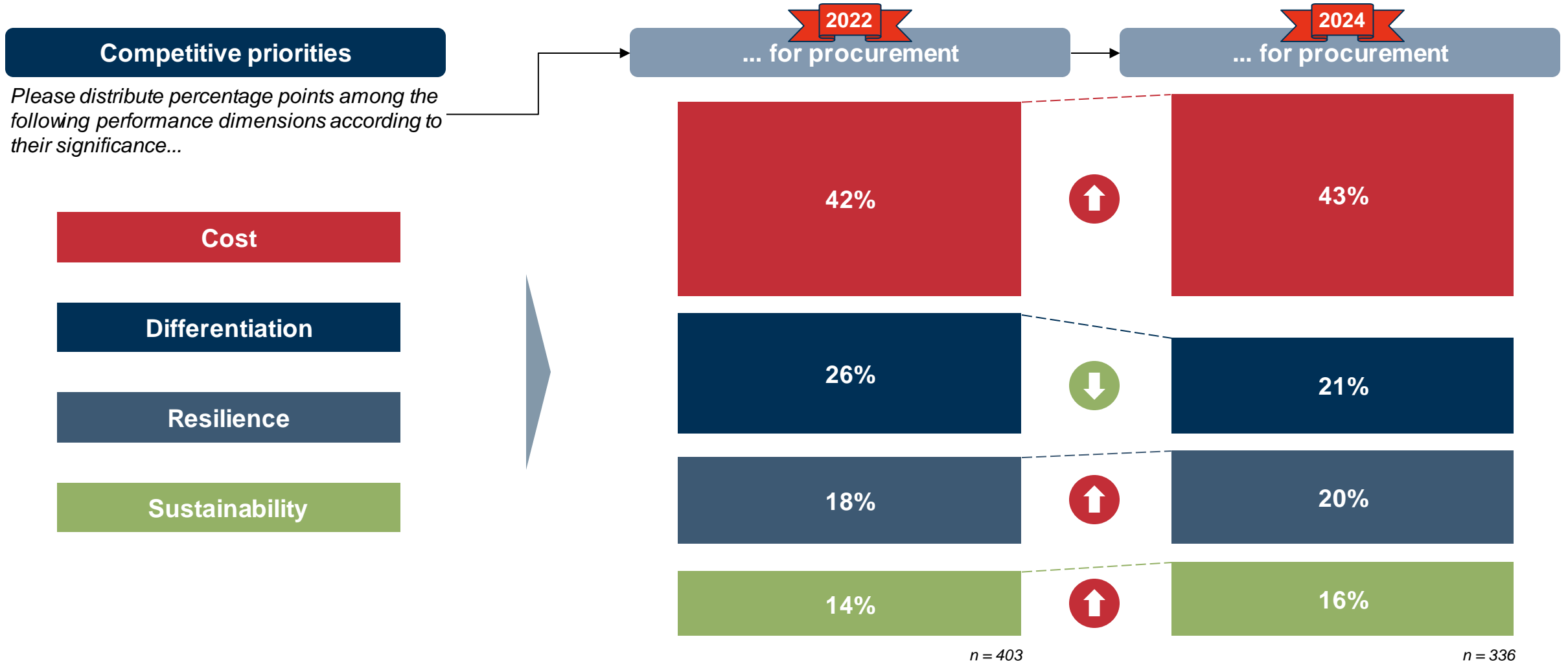
Cost is still the dominant objective in the sourcing process and is more important in sourcing decisions than for top management in general



Today, top management is putting more pressure on cost than two years ago

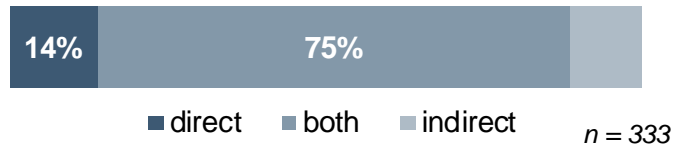


In procurement, however, there is also increasing emphasis on resilience and sustainability

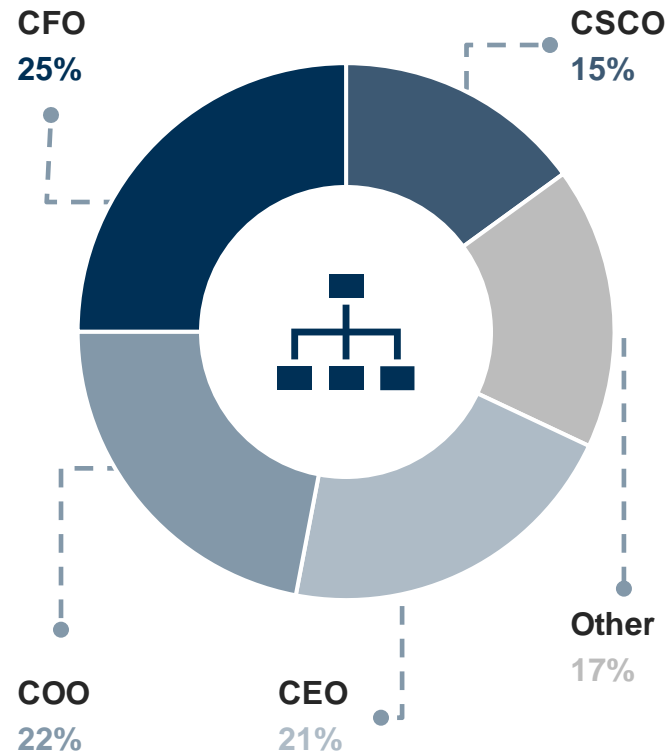


Hierarchically, procurement reports predominantly to the CFO and expects increasing spend volumes

Spend responsibilities

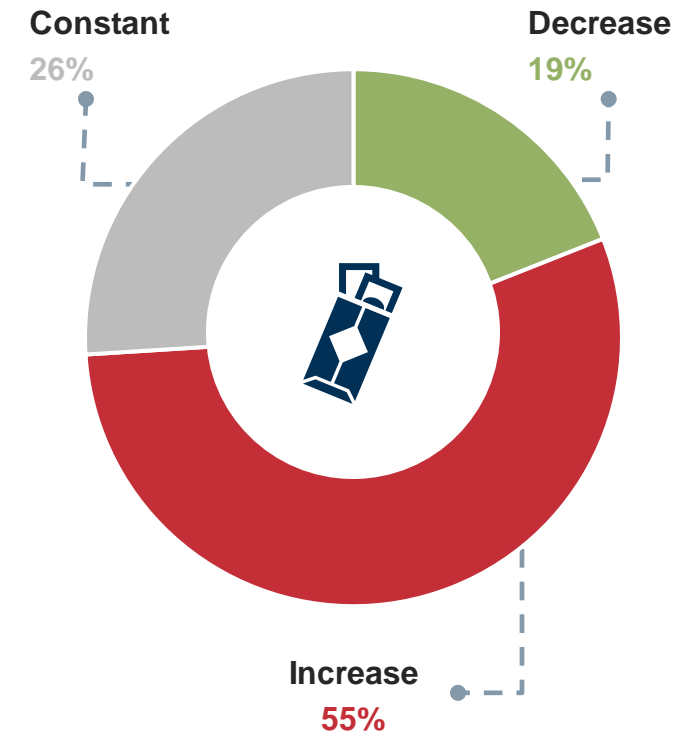


Procurement reports to...



n = 331

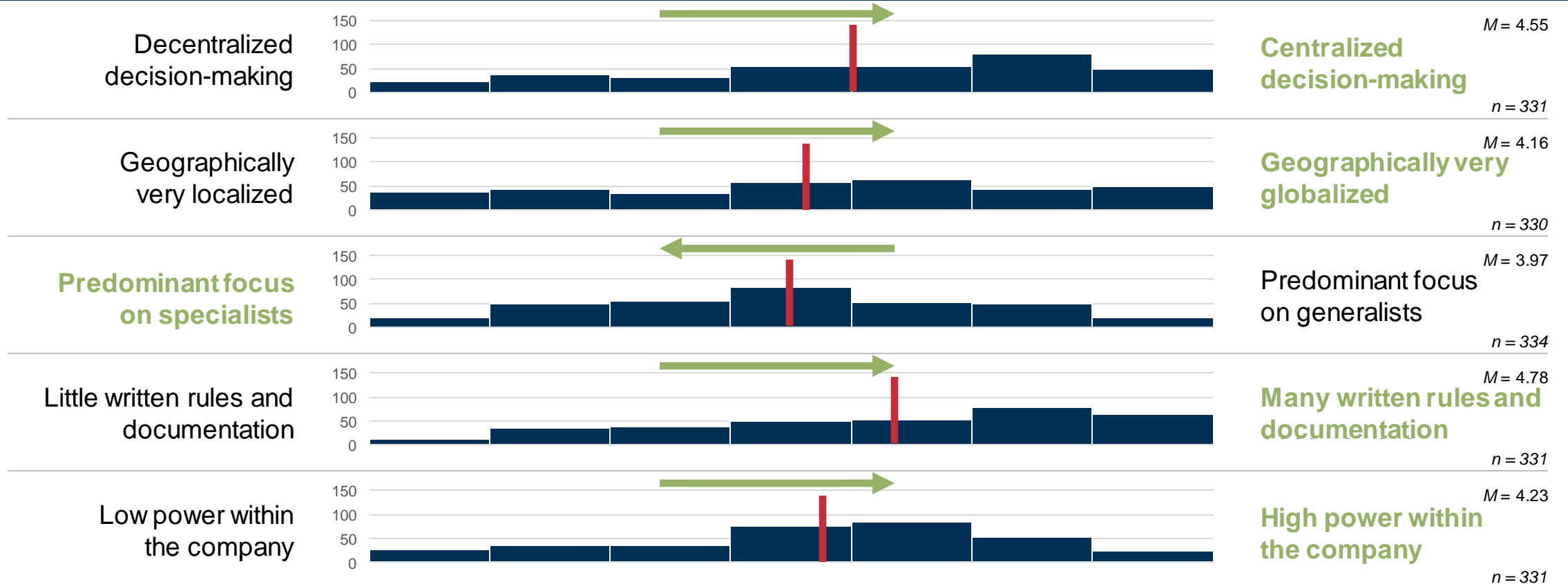
Spend in 2024 compared to 2023



n = 335

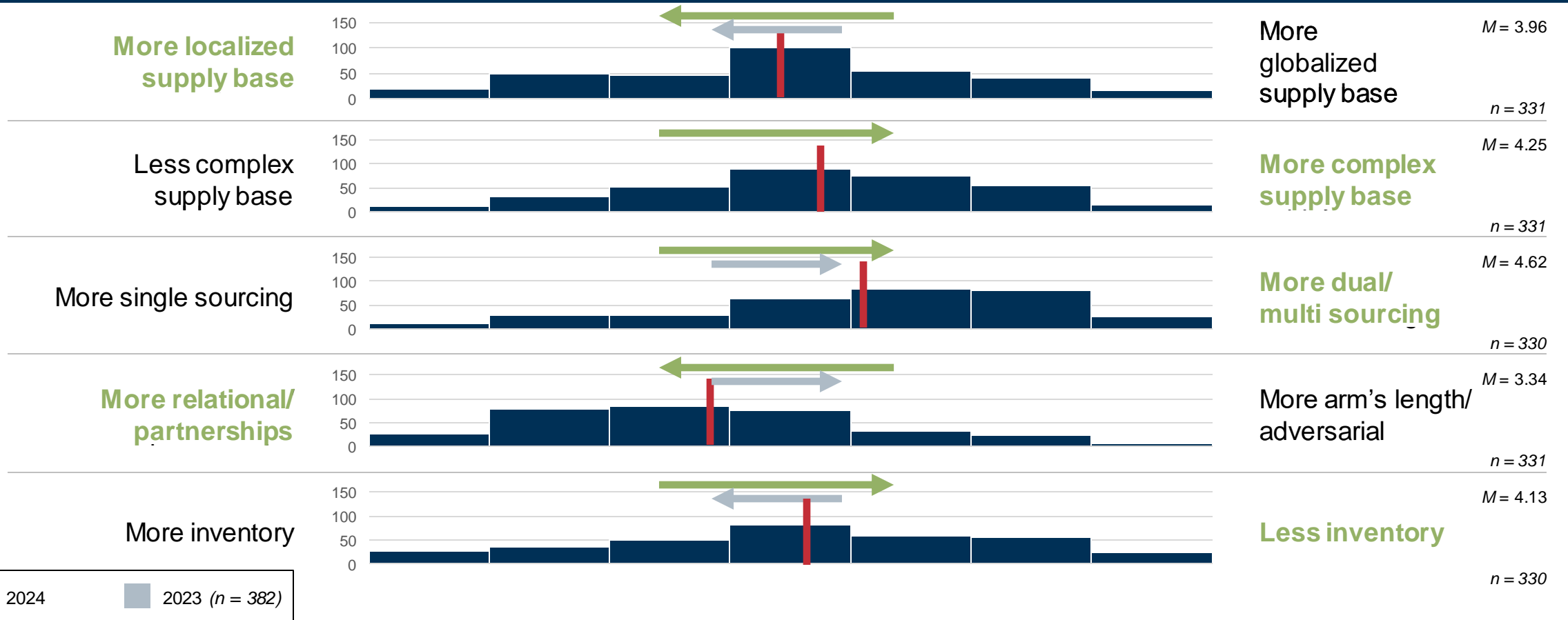
Investigating the operating model of procurement, we put the spotlight on a few relevant parameters

Operating model: *How would you characterize your procurement organization on the following dimensions?*



The similar approach was used to investigate sourcing practices and strategies

Sourcing strategies: To what extent have the following dimensions changed in your procurement organization during the last year?

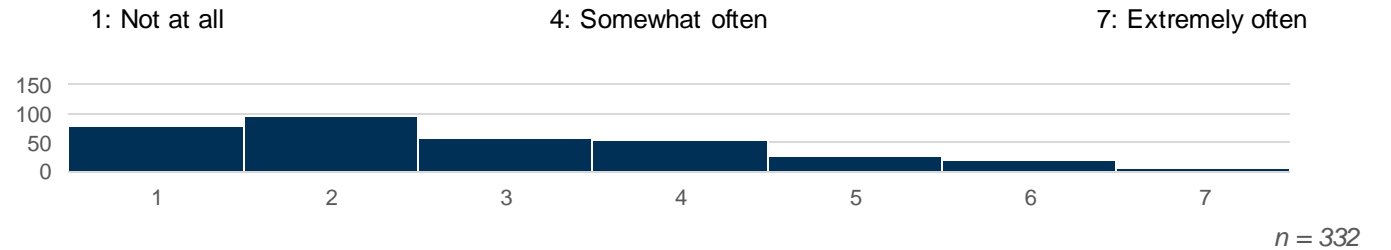
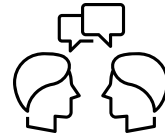


Most conflicts that procurement professionals encounter are “inter-functional” and take place at the interface with other internal functions

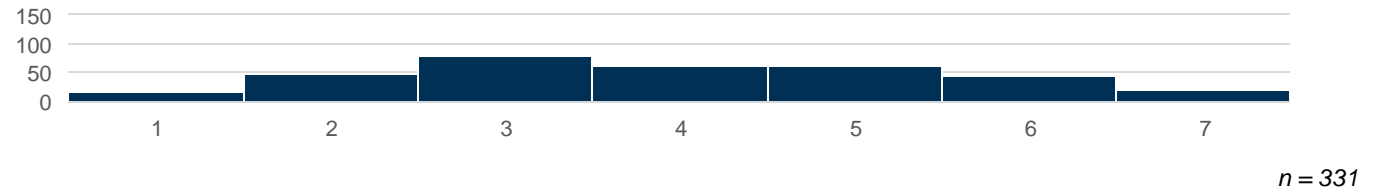
Conflicts

How often do you encounter conflicts at the following levels in your daily work?

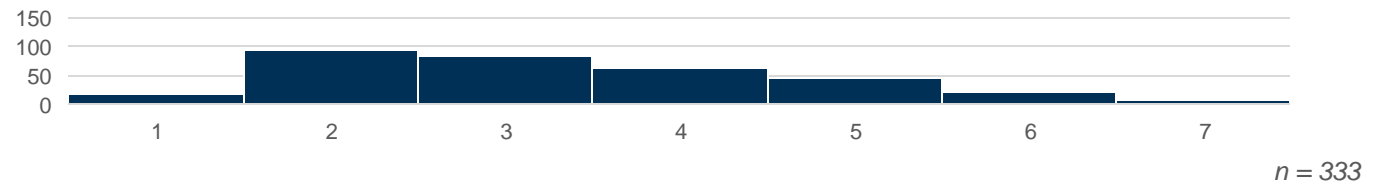
Intra-functional
within procurement



Inter-functional
between procurement and another
internal function



Inter-organizational
between procurement and suppliers



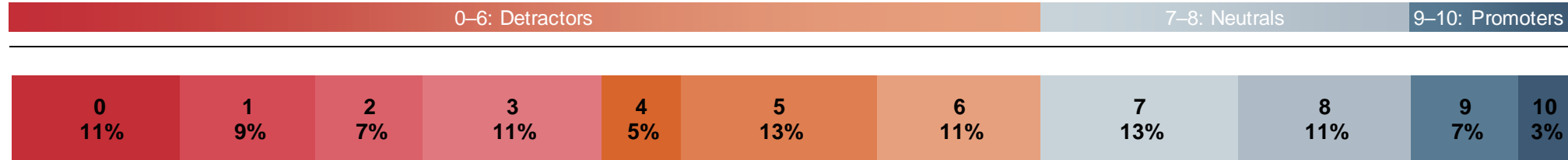
The vast majority of the respondents is not satisfied with their procurement organization's sustainability performance

Sustainability excellence: Net promotor score (NPS)

How likely is it that you would recommend your procurement organization as an exemplar for sustainability excellence to a good friend?

0: Not at all likely

10: Extremely likely

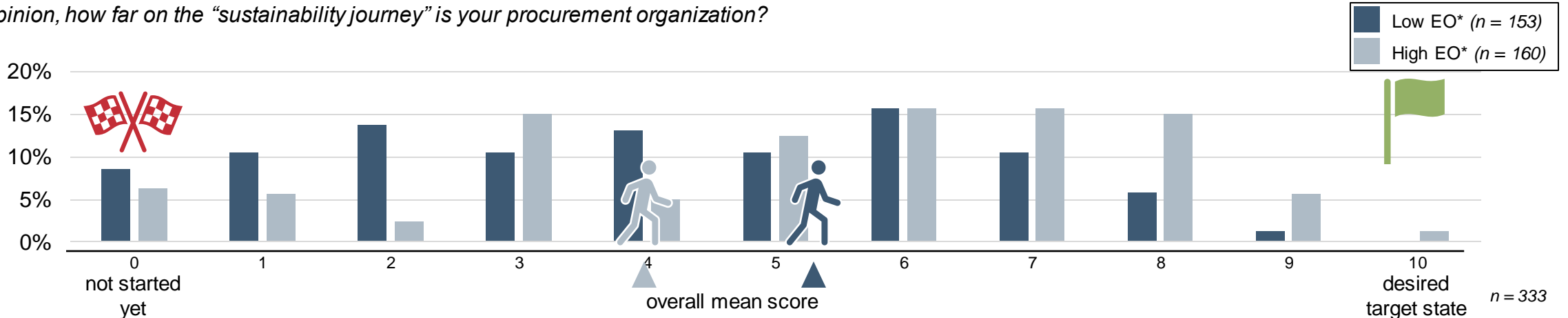


Net promotor score (NPS) = **-56** 😞

n = 333

"Sustainability journey": Effect of entrepreneurial orientation (EO)

In your opinion, how far on the "sustainability journey" is your procurement organization?

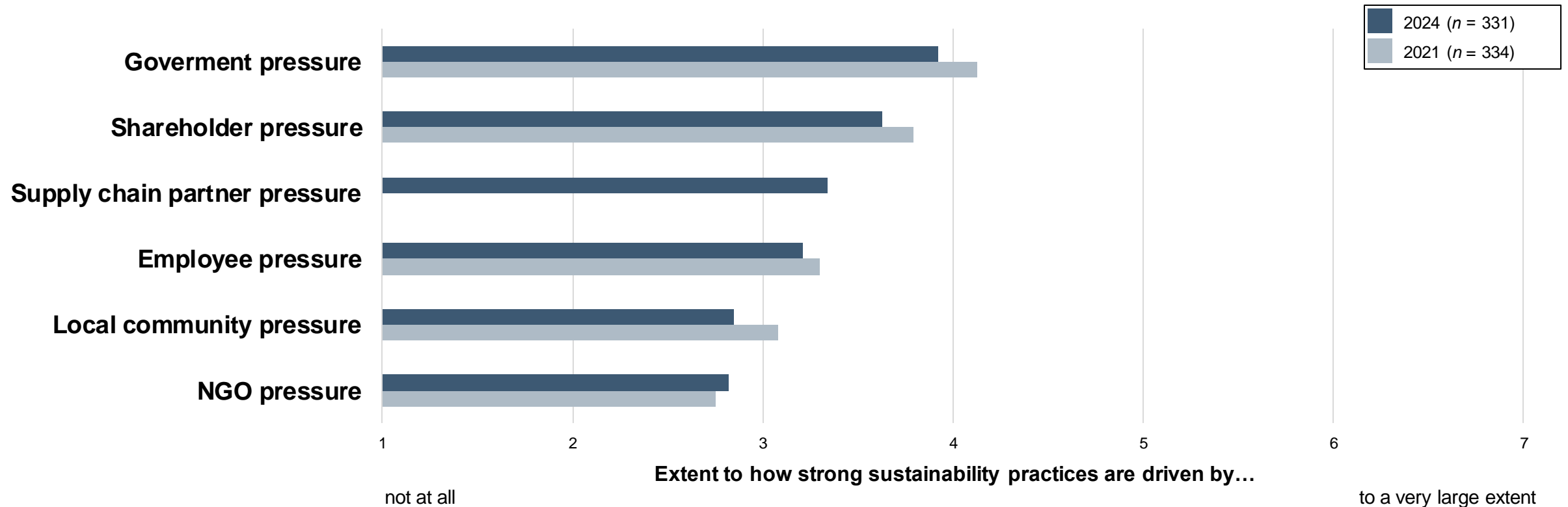


n = 333

Companies are facing slightly less pressure regarding sustainability from all stakeholders except of NGOs than in 2021

Sustainability-related stakeholder pressures: 2024 vs. 2021

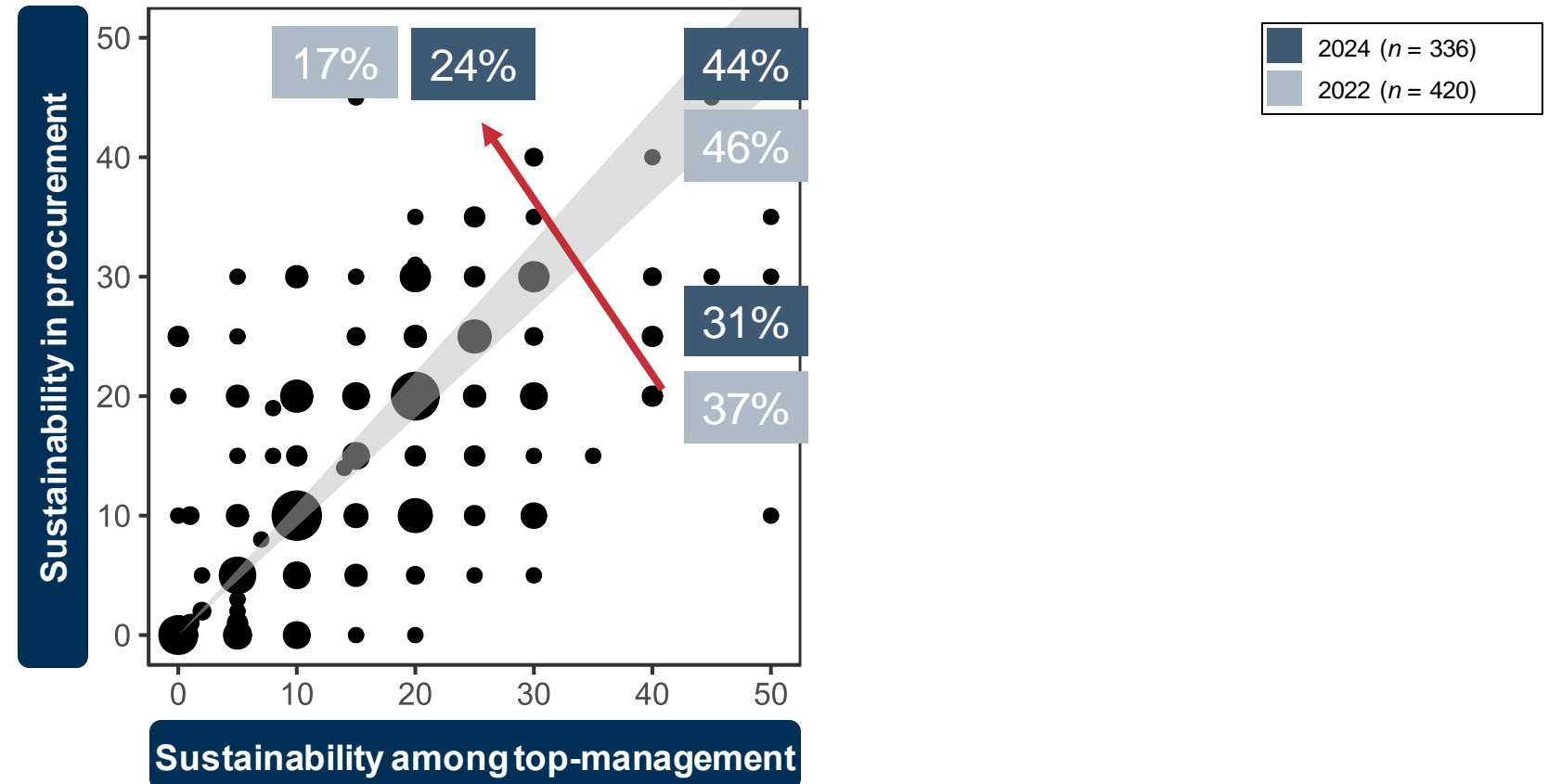
How relevant are the following stakeholder pressures for implementing sustainable practices in your procurement organization?



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

Importance of sustainability: Top-management vs. procurement and 2024 vs. 2022

Please distribute percentage points among the following performance dimensions according to their significance... (only "sustainability" is shown)



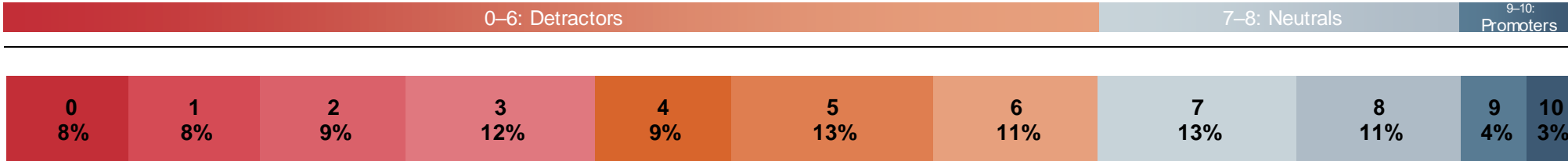
The satisfaction with the digitalization strategy is low and the organizations are still far from reaching their desired target state

Digital excellence: Net promotor score (NPS)

How likely is it that you would recommend your procurement organization as an exemplar for digital excellence to a good friend?

0: Not at all likely

10: Extremely likely

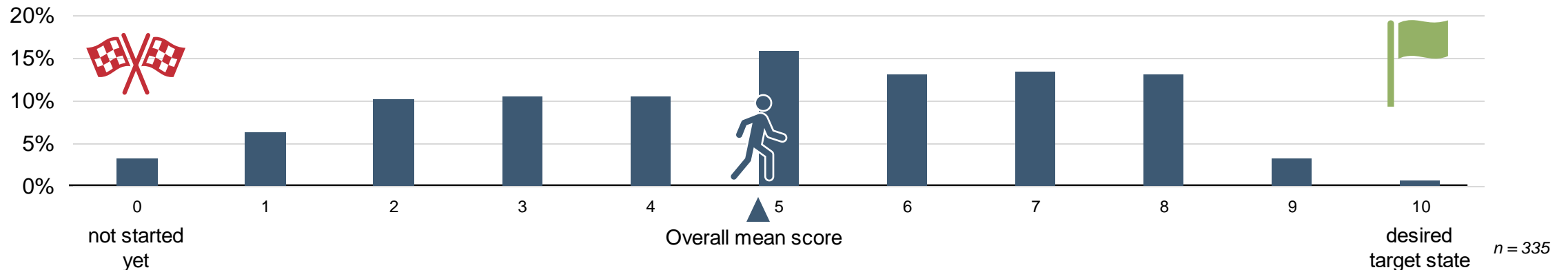


Net promotor score (NPS) = **-63** 😞

n = 333

“Digitalization transformation journey”

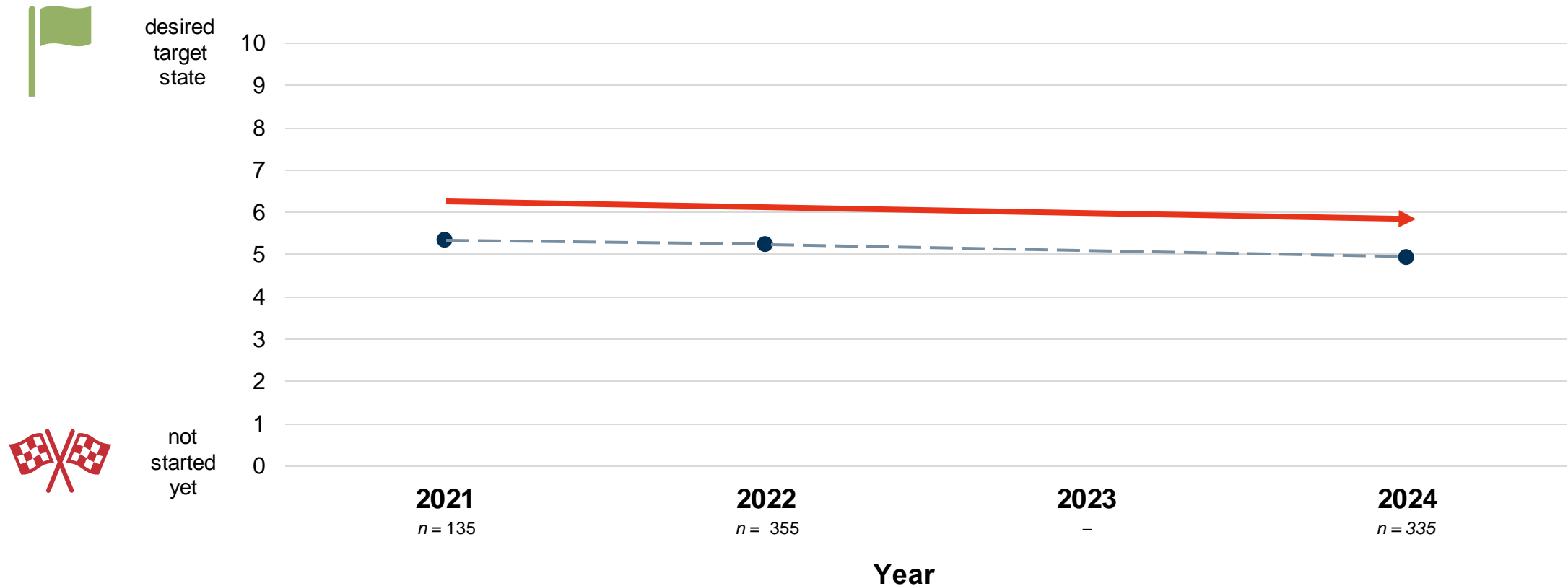
In your opinion, how far on the “digital transformation journey” is your procurement organization?



Companies are even moving further away from their desired target state regarding digitalization

“Digitalization transformation journey”: Time series

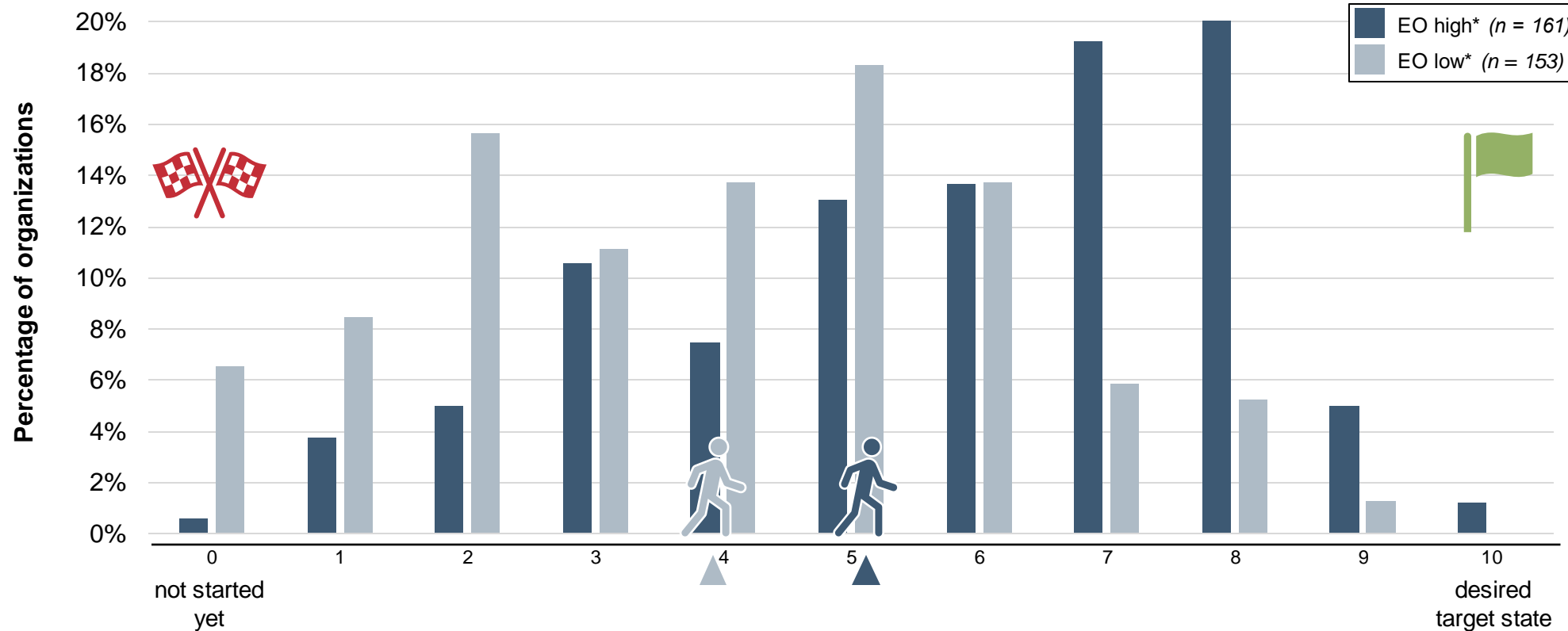
In your opinion, how far on the “digital transformation journey” is your procurement organization?



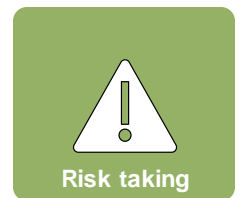
However, companies with high entrepreneurial orientation are further ahead on their digitalization journey

“Digitalization transformation journey”: Effect of entrepreneurial orientation (EO)

In your opinion, how far on the “digital transformation journey” is your procurement organization?



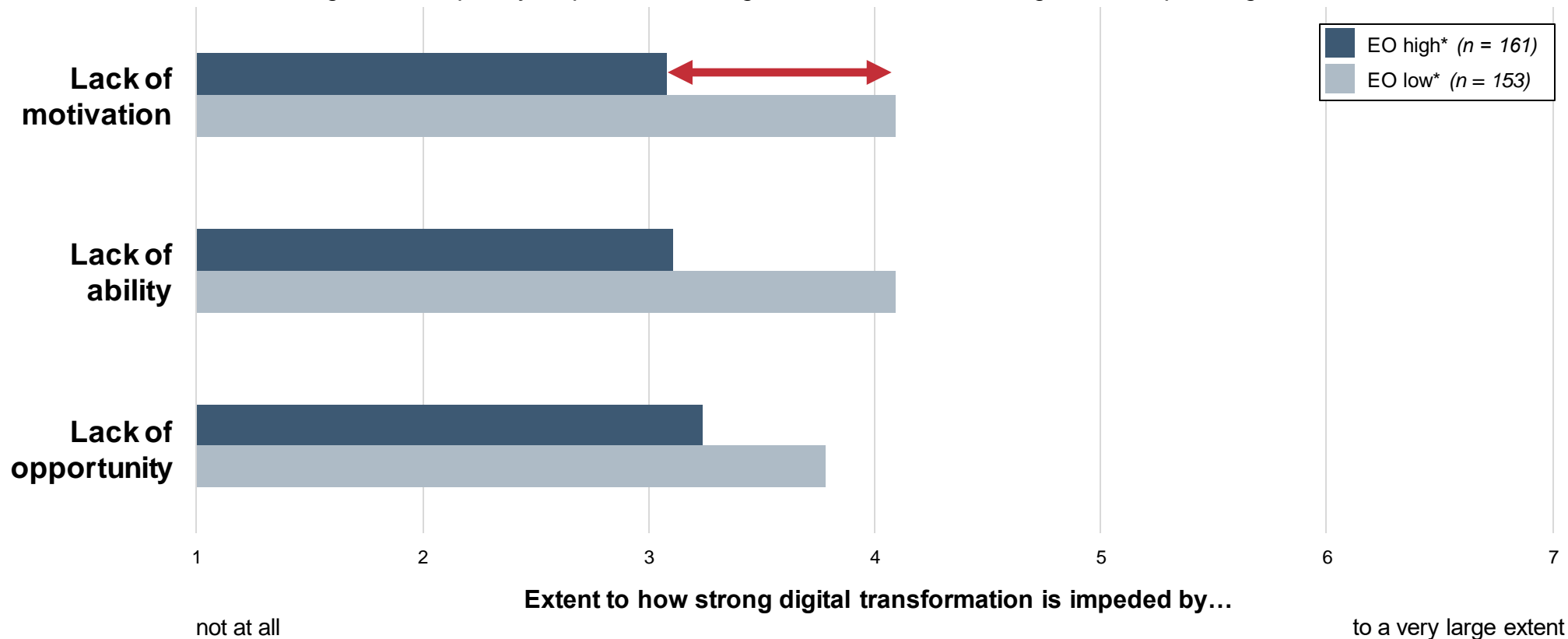
Three dimensions of entrepreneurial orientation (EO):



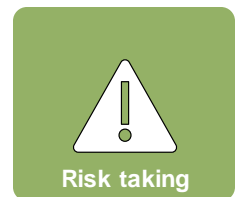
The lead of companies with high entrepreneurial orientation can be explained by less roadblocks related to the technology transformation

Digital transformation roadblocks: Effect of entrepreneurial orientation (EO)

To what extent do the following factors impede your procurement organization from undertaking further steps in digital transformation?

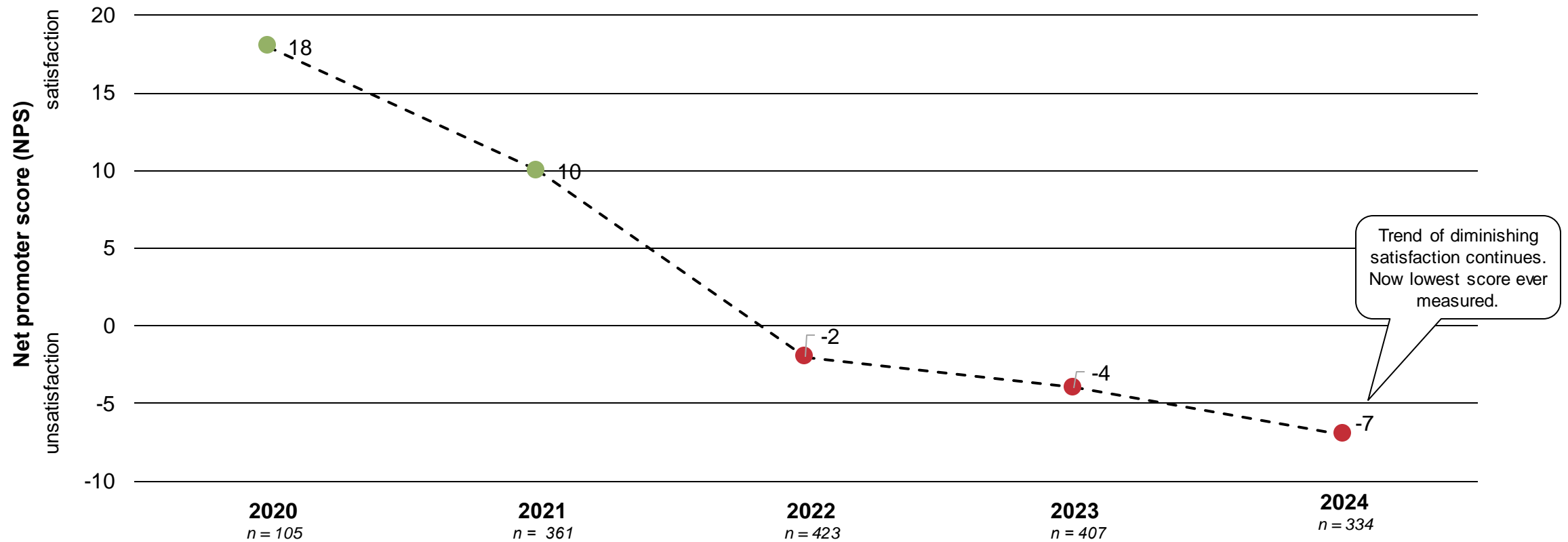


Three dimensions of entrepreneurial orientation (EO):



For the fourth consecutive time, procurement professionals express diminishing satisfaction with their respective procurement organizations

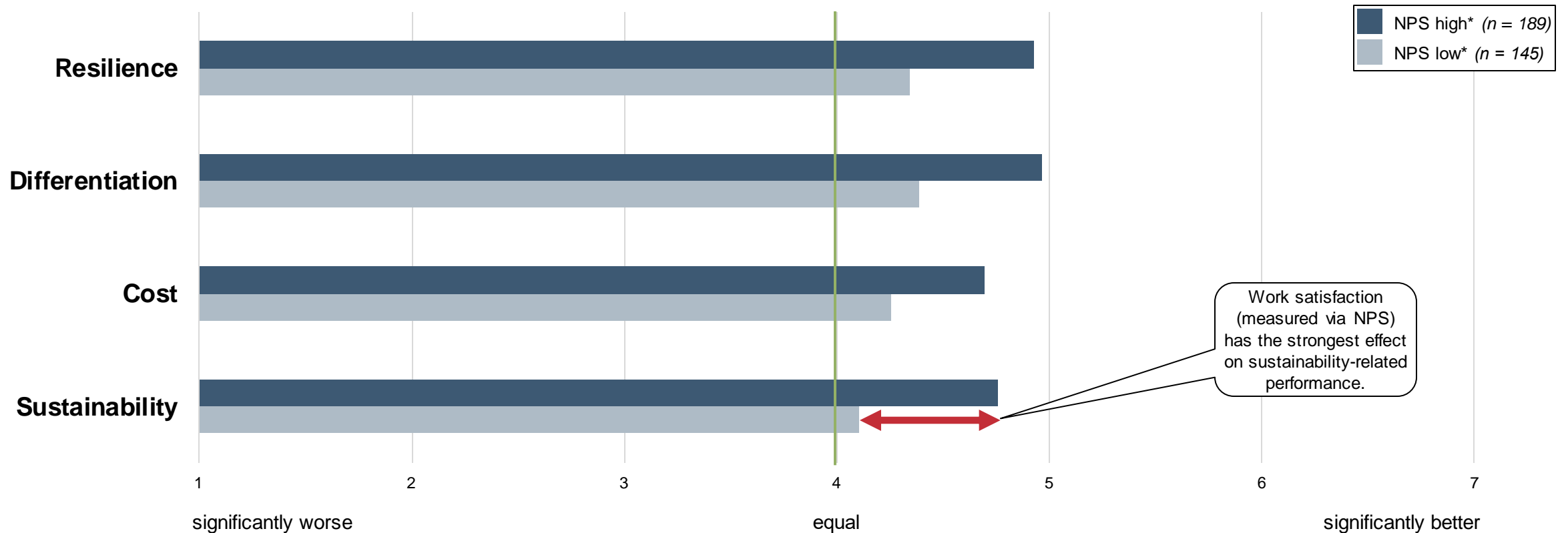
How likely would you recommend working with your procurement organization to a good friend?



Higher satisfaction with one's own procurement department correlates with higher performance across all dimensions, with the strongest effect related to sustainability

Relative performance (compared to main competitor): Effect of satisfaction with one's own procurement department (NPS)

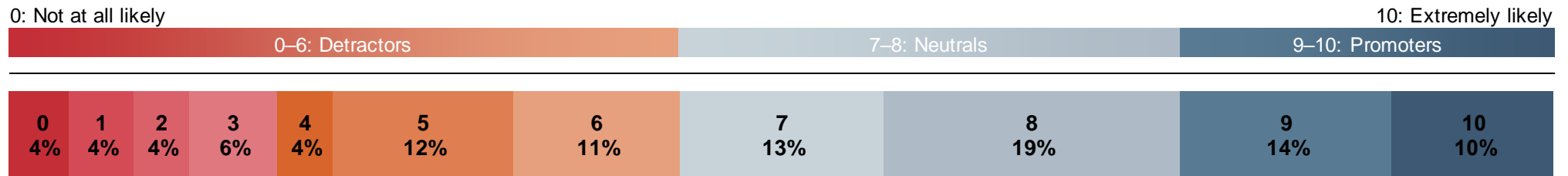
How does your procurement organization compare to your major competitor on the following performance dimensions?



However, despite professionals being unsatisfied with their procurement organization, they are still satisfied with procurement in general

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

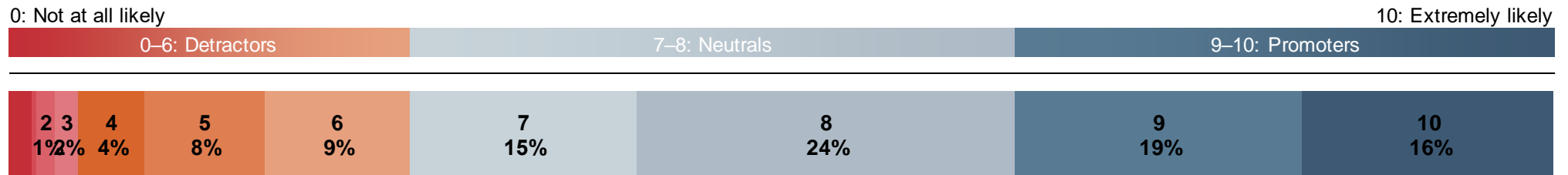
your
procurement
organization



Net promotor score (NPS) = -7 😞

n = 334

procurement
in general



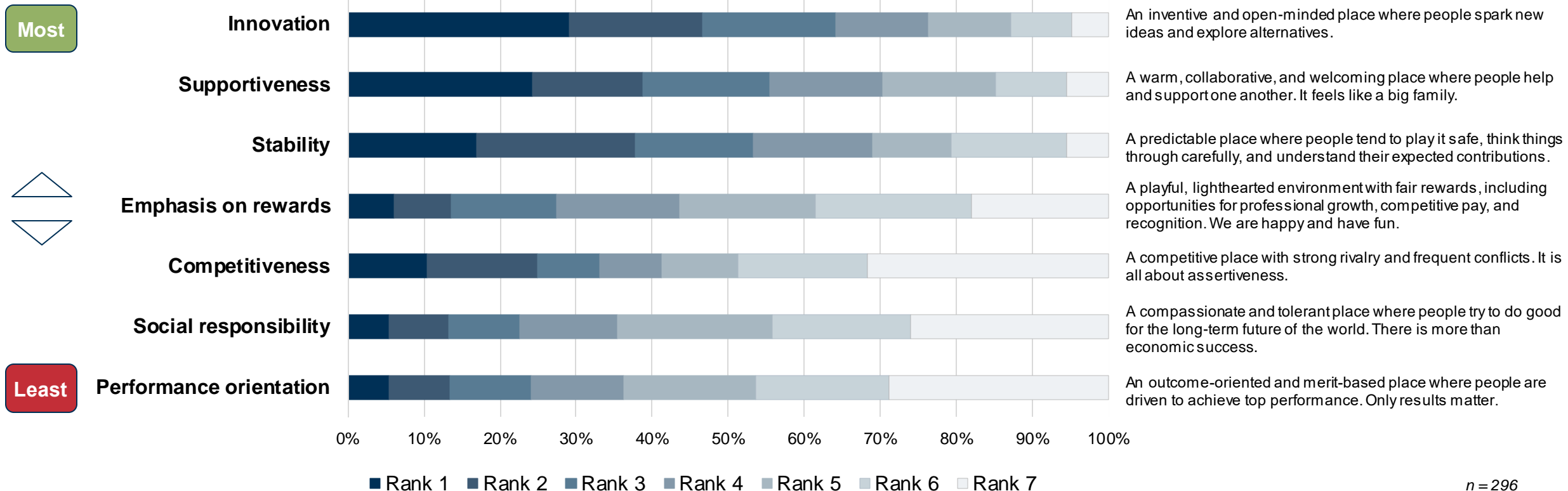
Net promotor score (NPS) = 18 😊

n = 332

“Big family” rather than “Only results matter”: The top-2 work culture traits in our sample are innovation and supportiveness, the bottom-3 are social responsibility and performance orientation

Work culture (ranking)

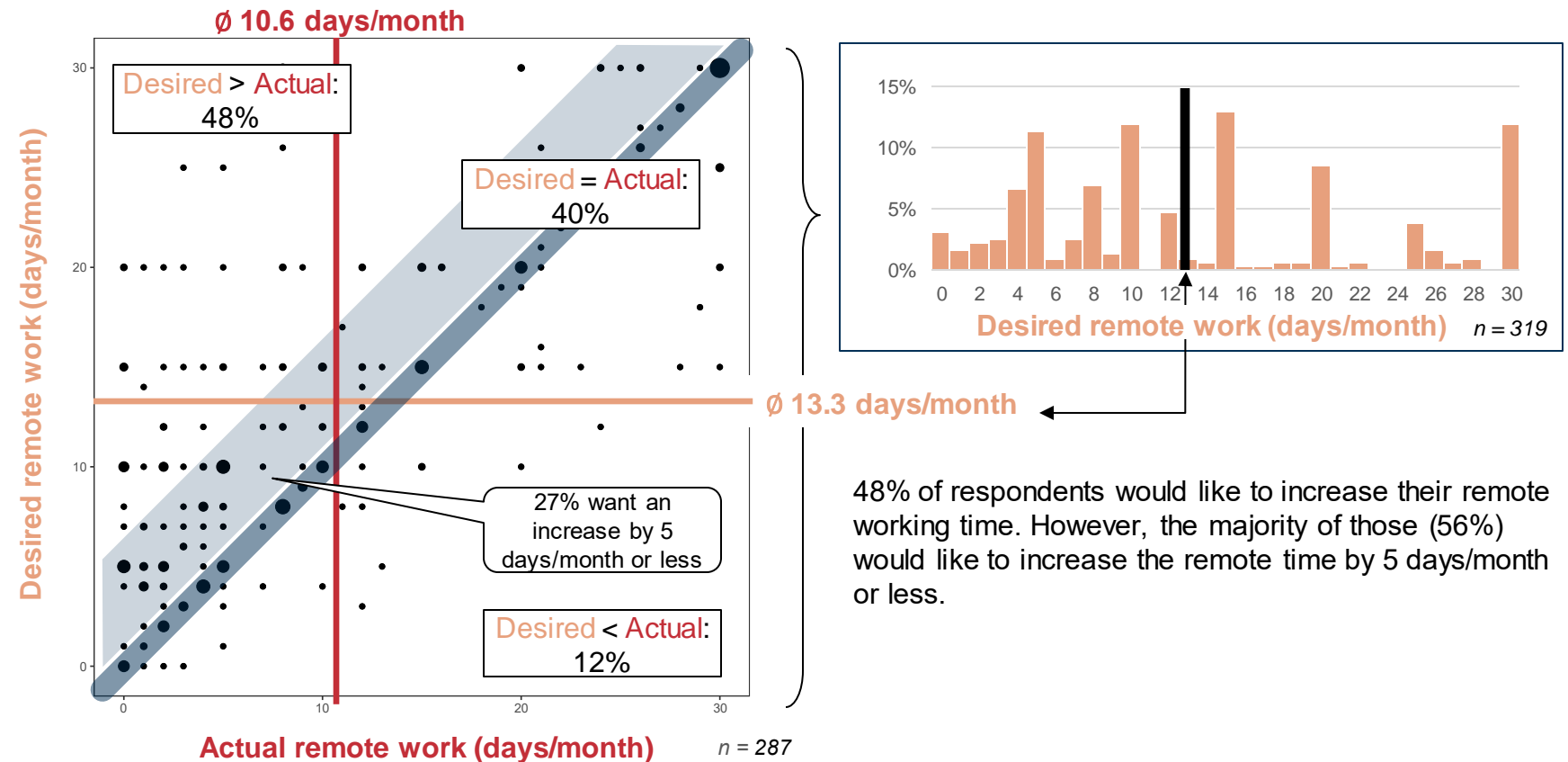
Please rank the following statements in terms of how well they describe the work culture in your procurement organization (from 1 to 7):



The respondents work roughly 10.5 days per month remotely and 48% would like to further increase this time

Remote work: Actual vs. desired

On average, how many days per month do you work remotely [x-axis] / would you like to work remotely [y-axis]?



Key insights of the “State of the Procurement Profession Survey 2024”



Cost remains the **top priority** for procurement professionals, often pursued even more diligently than by their own top management.



The current **economic climate** within the procurement environment is assessed as **positive overall**. The **optimistic** outlook extends to the forthcoming 12 months.



Procurement organizations are again **missing their digitalization targets** – and, compared to the previous year, they are even falling behind.



“**Technology**” is now the **largest performance roadblock** for procurement organizations, replacing “**people**” from the top spot in 2023.



A concerning trend persists as, for the fourth consecutive time, procurement professionals express **diminishing satisfaction with their respective procurement organizations** – although they **like their profession**.



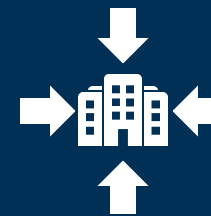
The majority of **conflicts** faced by procurement professionals occur **at the interface with other functions** within their organization.



The most consistent **trend in sourcing strategies** over recent years has been **dual or multi-sourcing** and **localization**, while other strategies have experienced shifting emphases.



Those fostering **entrepreneurial orientation** and mindset among their procurement organization achieve higher performance levels, adeptly navigate digitalization challenges, and benefit from enhanced employee satisfaction.



Companies perceive **stakeholder pressures** towards **sustainability** as lower than in the past. Procurement is increasingly assuming a **leadership role** in advancing sustainability agendas within companies.

Authors of the the 8th “State of the Procurement Profession Survey”

Christoph Bode



Christoph is a full professor at the University of Mannheim Business School and holds the Endowed Chair of Procurement. He obtained his PhD from WHU, Germany and his habilitation from ETH Zürich, Switzerland. His research interests lie in operations management, procurement and supply chains.



University of Mannheim ([Web](#))

bode@uni-mannheim.de

<https://www.linkedin.com/in/christoph-bode/>

Ruth Schültken



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).



University of Mannheim ([Web](#))

schueltken@uni-mannheim.de

www.linkedin.com/in/ruth-schültken/

Marcell Vollmer



Marcell is a seasoned business angel, startup investor, senior advisor, and Chief Executive Officer at MV Procu. Before that he was Chief Executive Officer at Prospitalia, Partner & Director at Boston Consulting Group (BCG), Chief Innovation Officer at Celonis, Chief Digital Officer, COO as well as Chief Procurement Officer at SAP.



Marcell Vollmer ([Web](#))

marcell.vollmer@gmail.com

<https://www.linkedin.com/in/marcellvollmer/>