

# STATE OF THE PROCUREMENT PROFESSION SURVEY 2021

## Executive Summary

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# State of the Procurement Profession – Survey 2021: Key insights



Cost remains the dominant objective in procurement organizations: 70% rate it as the 1<sup>st</sup> or 2<sup>nd</sup> most important objective



Only 10% see their procurement organization as a good example of sustainable practices



Entrepreneurial orientation boosts innovation performance in procurement – even when innovation is not pursued as a top priority



Employees are more satisfied with their procurement organization when there is a higher level of entrepreneurial orientation



Supplier sustainability monitoring varies substantially, but most do nothing or rely only on their direct suppliers to monitor the supply chain



Most procurement organizations have a digitalization strategy – but satisfaction with it is rather low



Budget restrictions and change management inertia are the largest performance roadblocks for procurement



Currently, most companies try to consolidate their supply base – but only 52% have kept their overall strategy during the pandemic



Smaller procurement organizations are lagging in the digital transformation

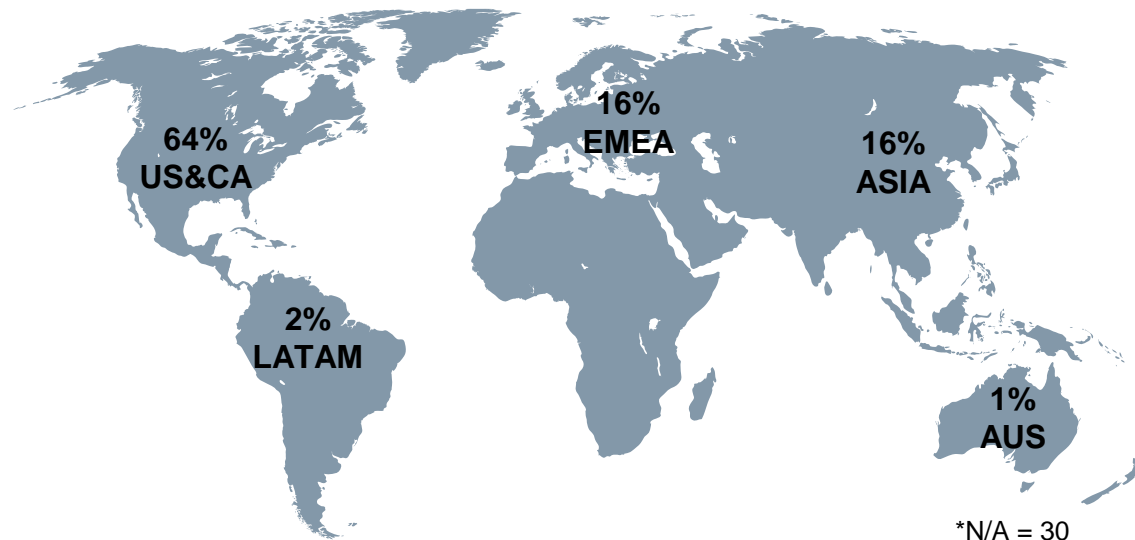
**Although sustainability issues are increasingly discussed, most procurement organizations do not see themselves as a good example for sustainability, which is also reflected in the procurement objectives (overall last rank).**

# A total of 1109 executives participated, of which 362 responses were used for this report

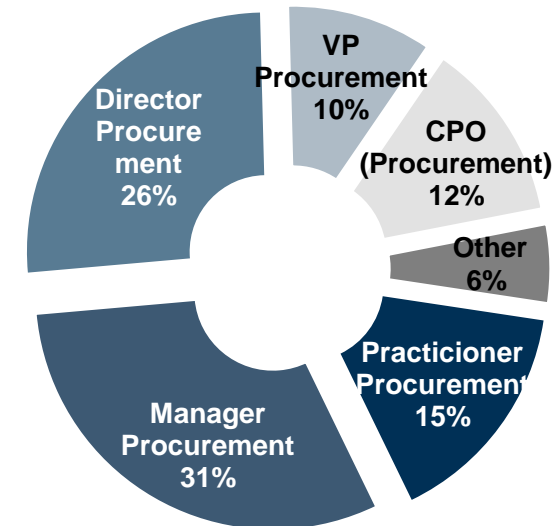
- The State of the Procurement Profession Survey 2021 provides **new insights into trends and challenges that are shaping the future of procurement**
- This summary report highlights the key results with regard to:
  - **challenges** that procurement functions are facing in their struggle to becoming more efficient
  - **digital technologies and strategies**, which are shaping the procurement function of tomorrow
  - **stakeholder pressures** and their impact on **sustainability** practices in procurement

*We hope you find this report insightful and would like to thank all the executives who contributed to this study!*

## Geography\*



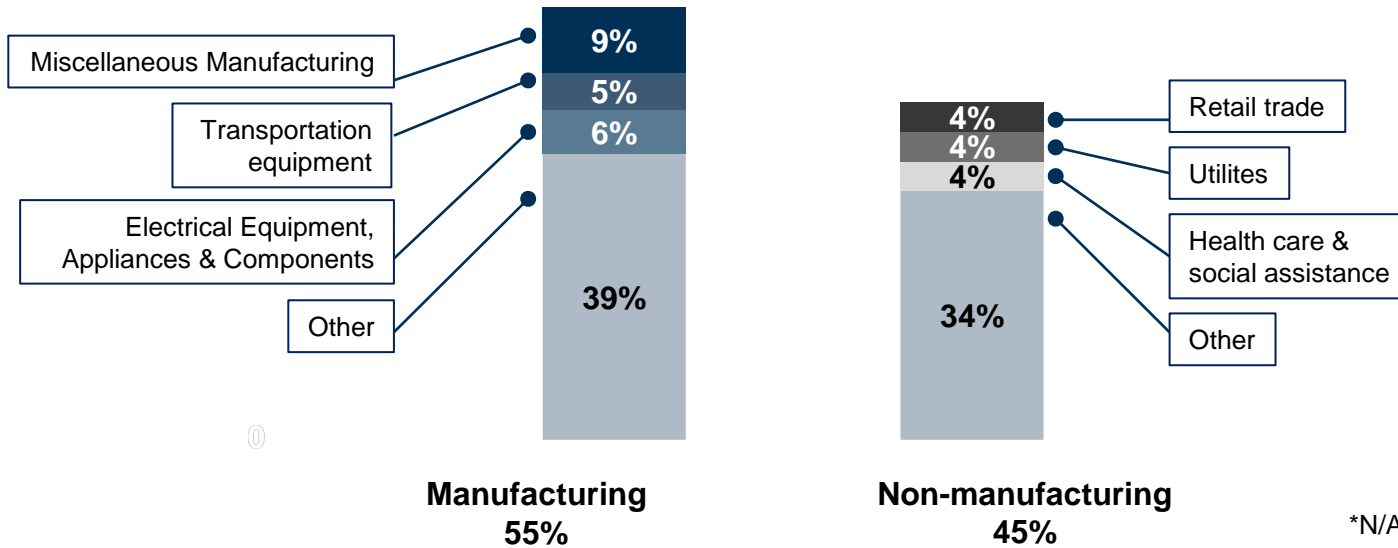
## Seniority\*



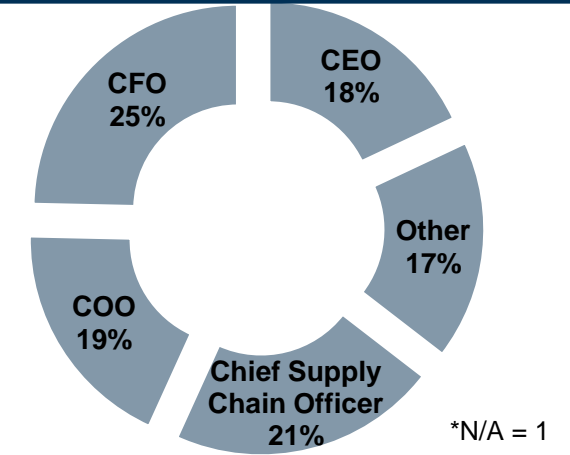


# The procurement function reports mainly to the CFO

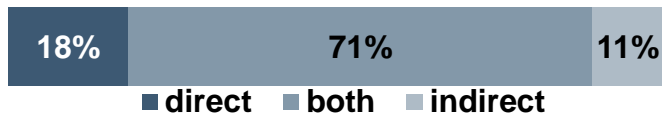
## Industry\*



## Procurement reports to...\*



## Procured materials\*



## Organization\*



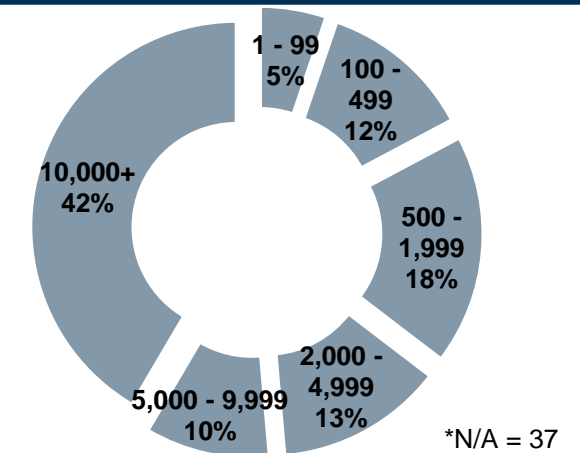
## Avg. # of first tier suppliers\*

**6234**

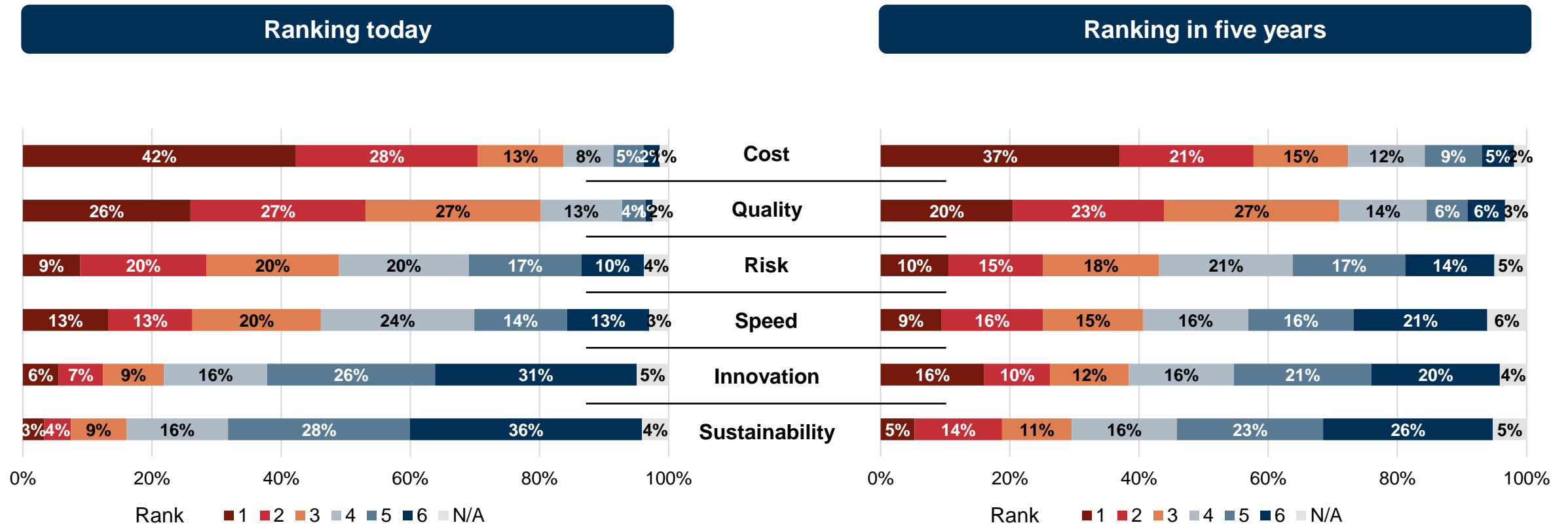
\*N/A = 2



## Size (# employees)\*

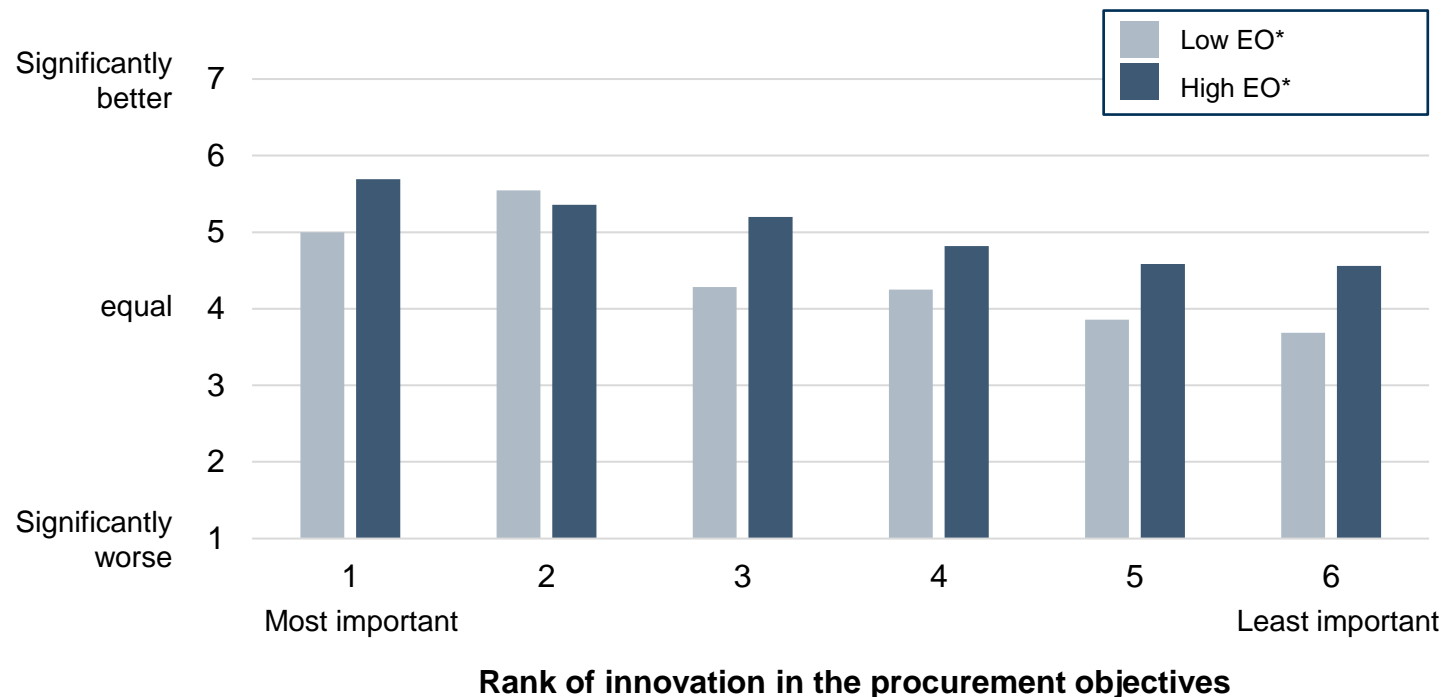


# When performance objectives are pitted against each other, “cost” ranks first and “sustainability” ranks last



# Entrepreneurial orientation boosts innovation performance in procurement, especially when innovation is not among the top objectives

## Innovation performance compared to main competitors



### Four dimensions of entrepreneurial orientation (EO) in the Survey:

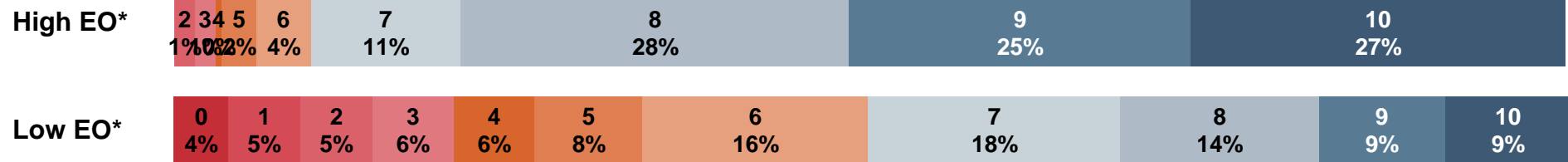


# Employees are more satisfied with their procurement organization if it has a higher level of entrepreneurial orientation

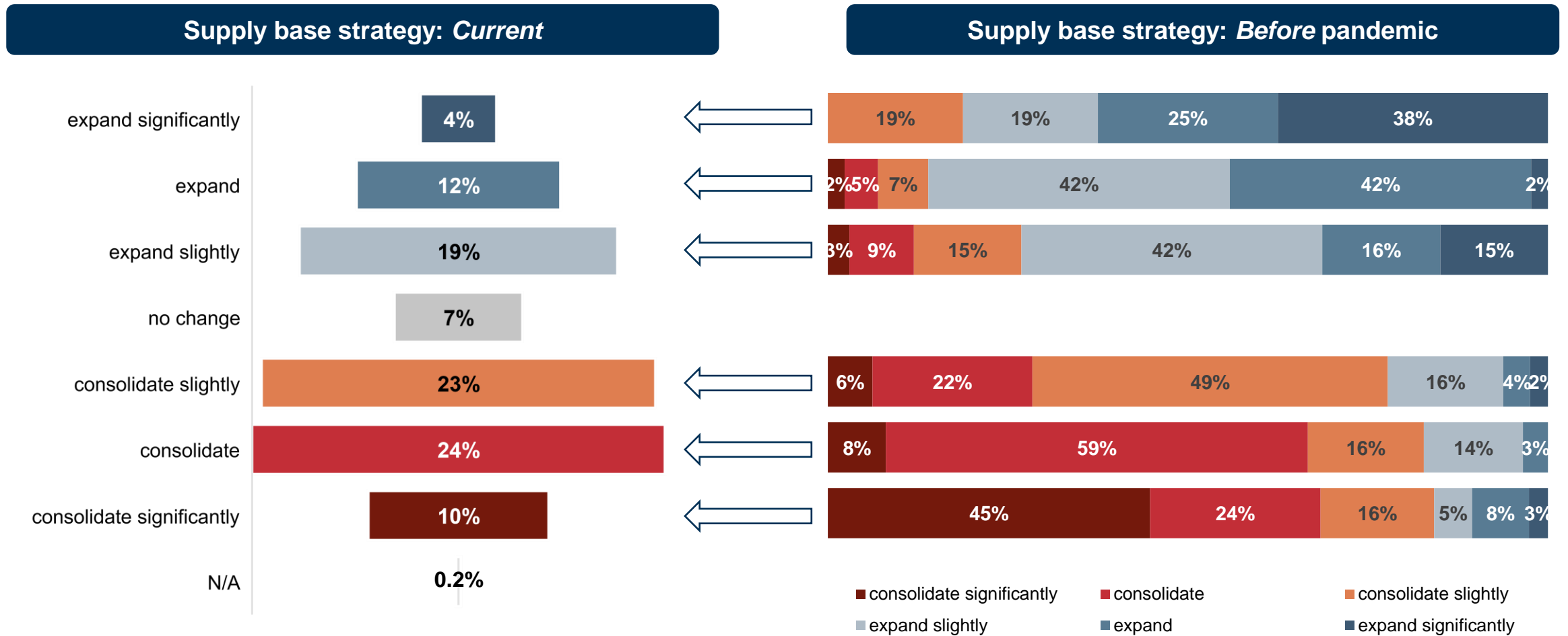
How likely would you recommend working with your procurement organization to a friend or a colleague?



0: Not at all likely      0-6: Detractors      7-8: Neutrals      9-10: Promoters      10: Extremely likely

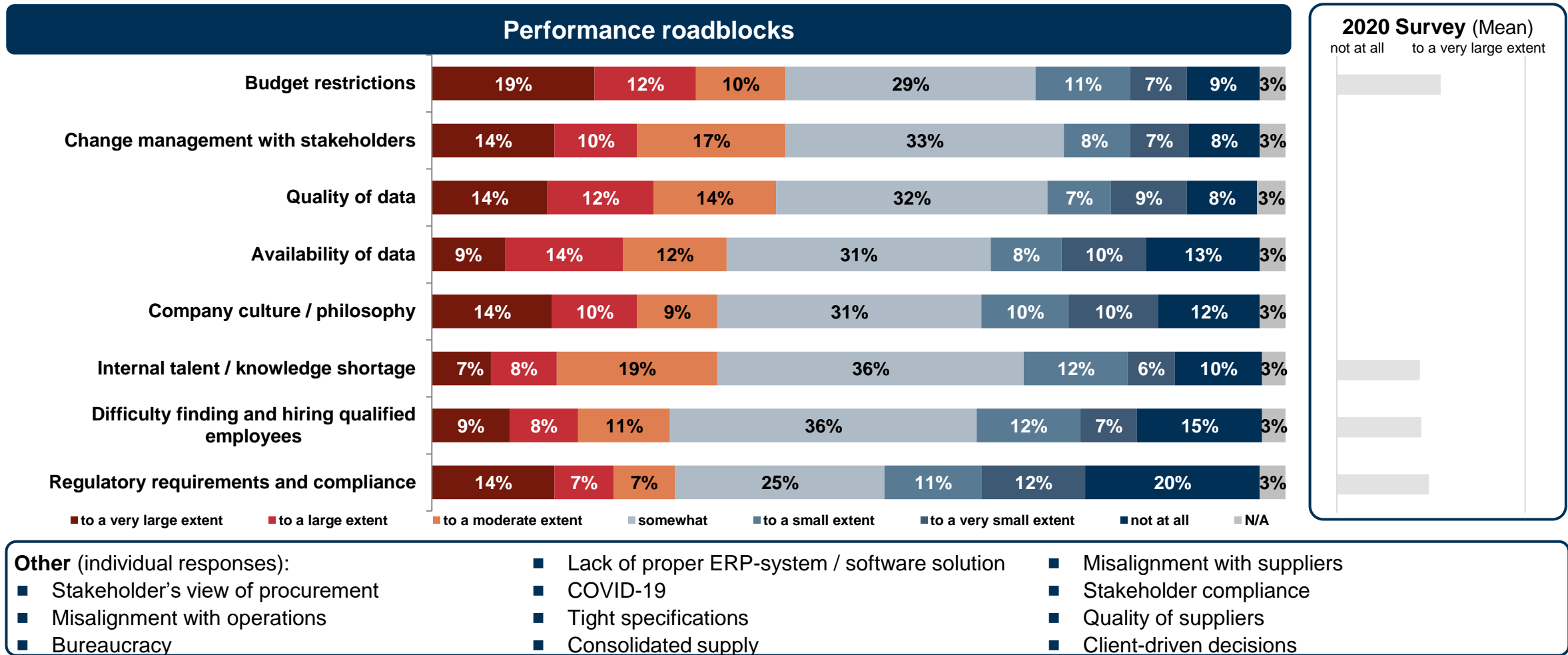


# Currently, most companies try to consolidate their supply base – but only 52% have kept their overall strategy during the pandemic



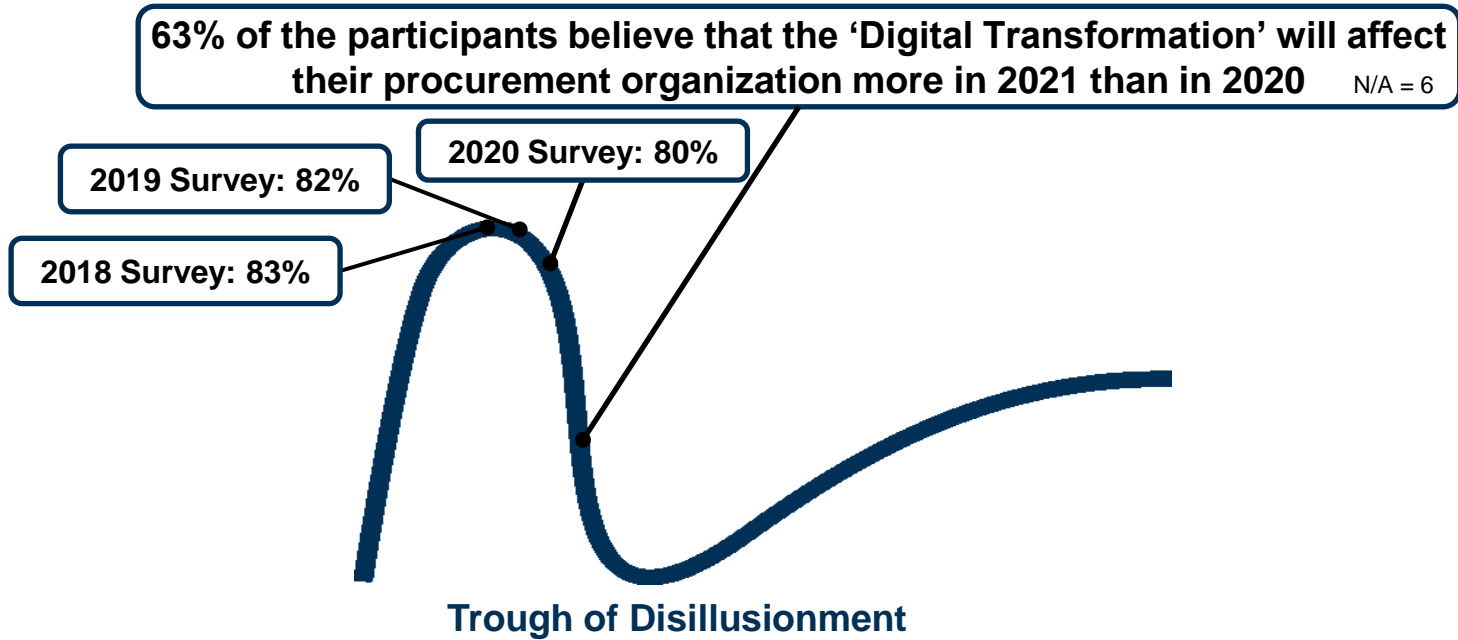
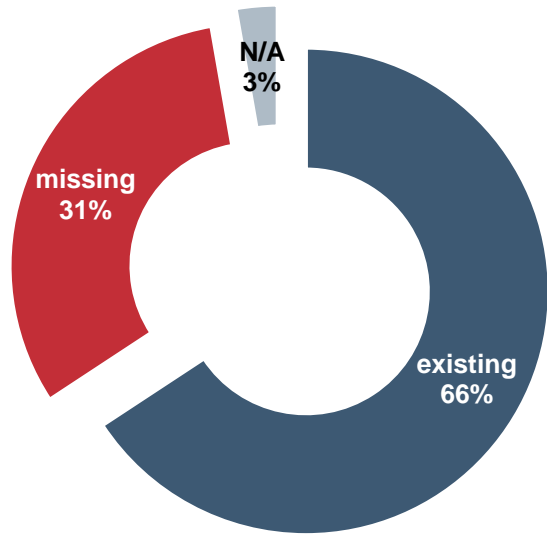


# Change management and budget restrictions are the largest performance roadblocks

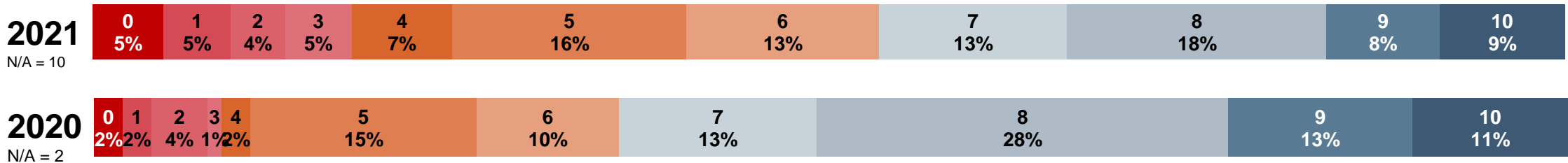


# Is digital procurement reaching the “Trough of Disillusionment”? Decreasing perceived importance and low satisfaction with digitalization strategy

## Procurement digitalization strategy

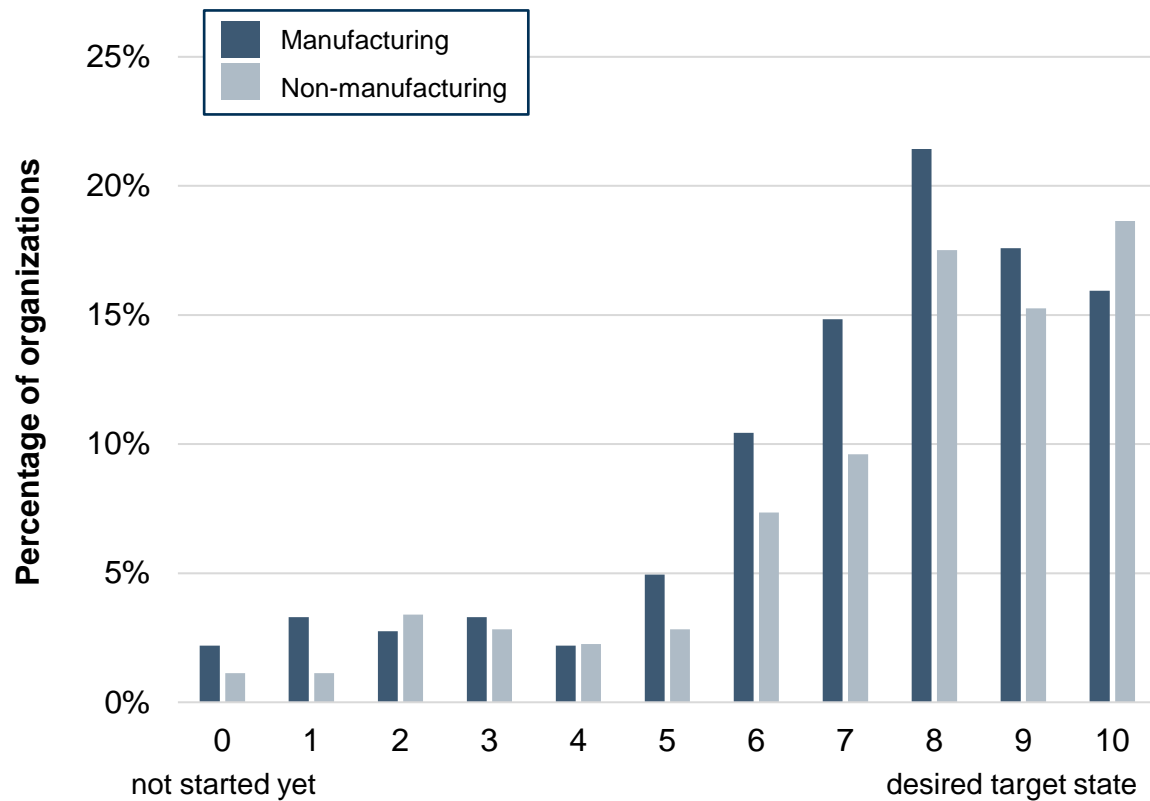


## How likely would you recommend your strategic approach for digitalization to a friend or a colleague?

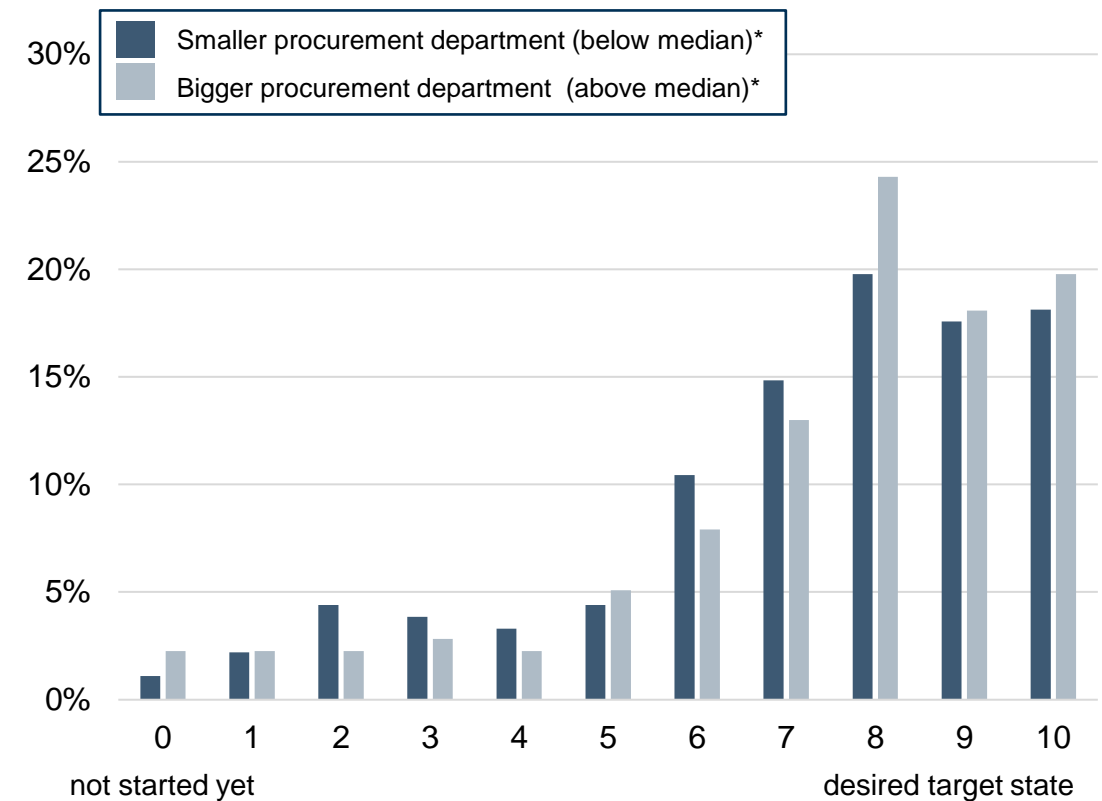


# Companies with smaller procurement departments and manufacturing companies have a longer way to go on their digitalization journey

## Digitalization journey



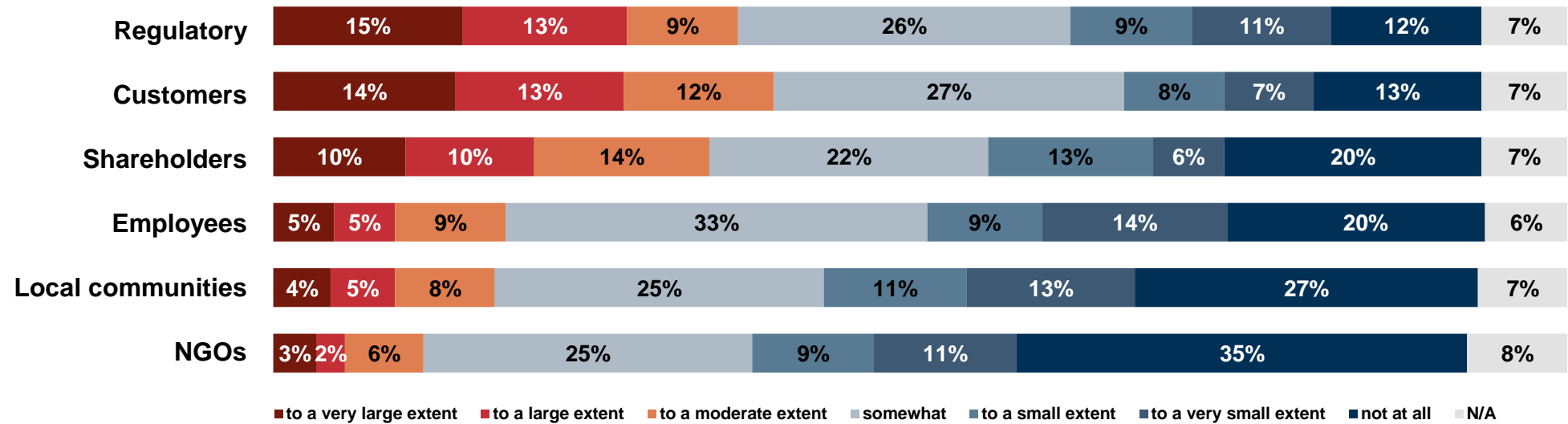
N/A = 37



N/A = 3

# Only 10% see their procurement organization as a good example of sustainable practices

## Stakeholder pressures



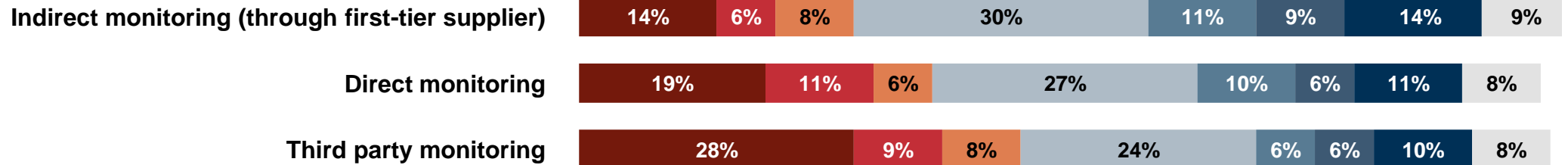
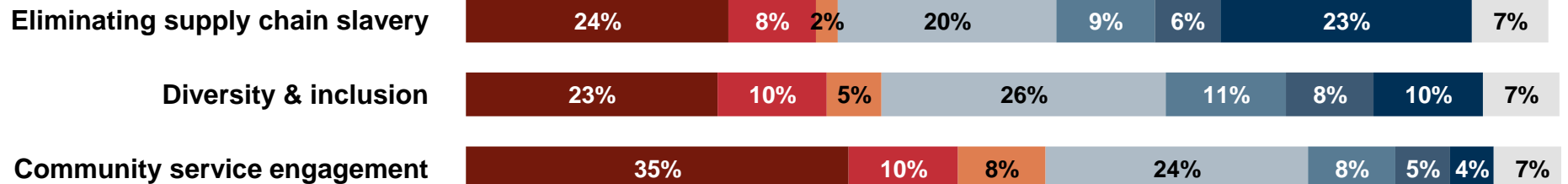
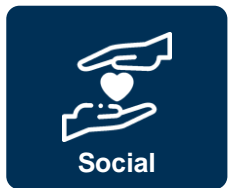
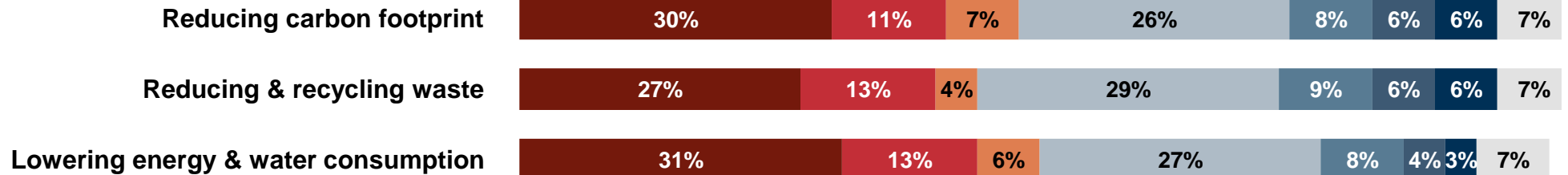
## Would you cite your procurement organization as a good example of sustainable practices?\*



N/A = 0

# Supplier sustainability monitoring varies highly – many do nothing, and most companies rely on their direct suppliers to monitor the supply chain

## Supplier monitoring activities



■ not at all     
 ■ to a very small extent     
 ■ to a small extent     
 ■ somewhat  
■ to a moderate extent     
 ■ to a large extent     
 ■ to a very large extent     
 ■ N/A

# We thank all executives for their participation in the State of the Procurement Profession Survey 2021

## Prof. Dr. Christoph Bode



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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## Dr. Marcell Vollmer



Marcell is Partner & Director at BCG with over 20 years of experience developing and implementing procurement, supply chain, finance, shared services, and digital transformation strategies across industries globally. Prior to joining BCG, Marcell was Chief Innovation Officer at Celonis, Chief Digital Officer at SAP, Chief Operating Officer at SAP Ariba as well as Chief Procurement Officer and Senior Vice President at SAP. Marcell received his PhD in Economics from the University of Hamburg in Germany.



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## Davide Burkhart



Davide is a doctoral researcher at University of Mannheim's Business School. His research interests are in procurement, supply chain management and buyer-supplier relationships. Prior to pursuing his PhD, he studied industrial engineering at the Technical University of Darmstadt, the Universidad Católica Argentina (UCA) in Buenos Aires, and the University of St. Gallen.



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