Results CPO Survey 2023

Silke Herold (Maastricht University)

&

Dr. Vincent Delke (University of Twente)

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Dear CPO Summit participant,

30 out of 37 participants have filled in the survey prior to the Nevi CPO Summit, supported by GEP.
Please find the survey findings on the following pages.

With kind regards,
Silke Herold (UM) & Dr. Vincent Delke (UT)

Introduction Silke Herold – s.herold@maastrichtuniversity.nl

PhD Candidate Procurement Digitalization

Maastricht University – School of Business & Economics (SBE), Netherlands

Research focus

Digital Procurement Transformation
Use of emerging technologies in procurement

Education

MSC – Finance & Strategic Management, Copenhagen Business School
BSC - International Business, Maastricht University (SBE)

Companies

Consulting: Horváth & Partners, Inverto
Industry: Deutsche Post DHL, NKT Cables



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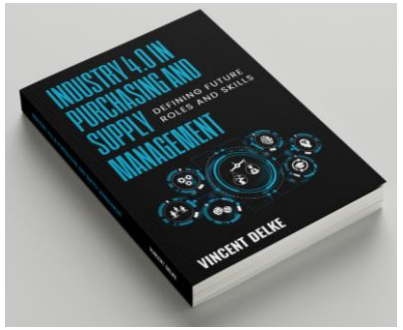
Introduction dr. Vincent Delke – v.f.delke@utwente.nl

Assistant professor of Purchasing and Supply Management

University of Twente, Netherlands – Entrepreneurship and Technology Management (ETM)

Research focus

Industry 4.0 in Purchasing and Supply Management
Identifying Future Roles and Skills



Education

PhD - Industry 4.0 in Purchasing and Supply Management
MSC - Business Administration: Purchasing and Supply Management
BSC - International Business Administration

Companies

AUDI AG, Germany - Strategic Procurement Department
Naber GmbH, Germany - Procurement Department



Vincent Delke

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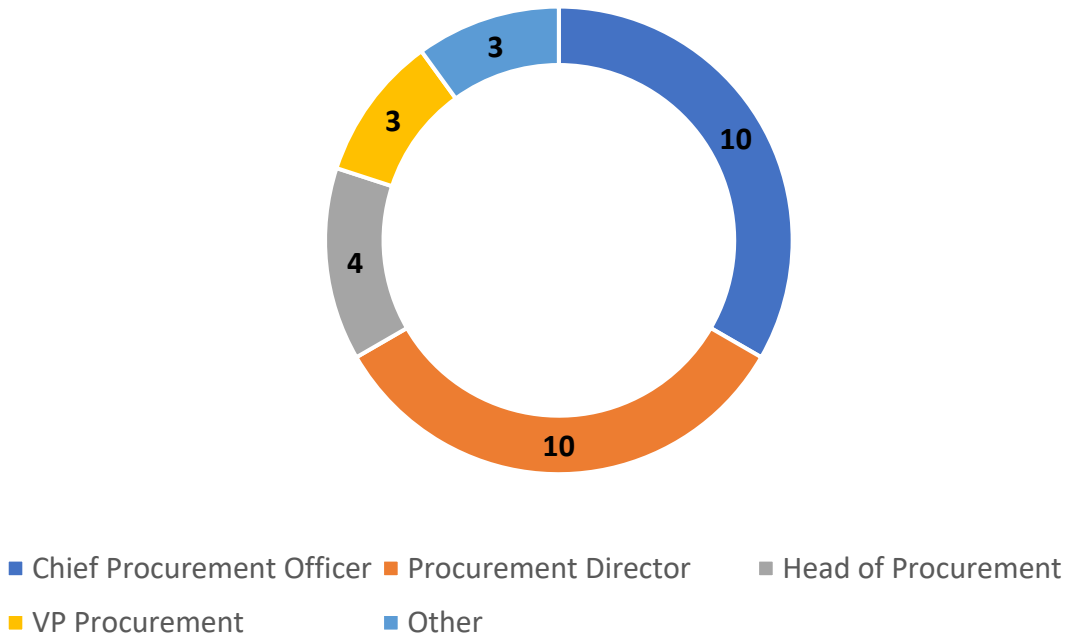
Introduction: Who is in the room?

1. What is your current job title?



Some Insights:

- Majority of respondents either titled CPO (33%) or Procurement Director (33%)
- About 13% of respondents are titled head of procurement; followed by VP Procurement (10%)
- The “Other” category includes participants titles “Global Procurement Manager” or ”Executive Director” (10%)

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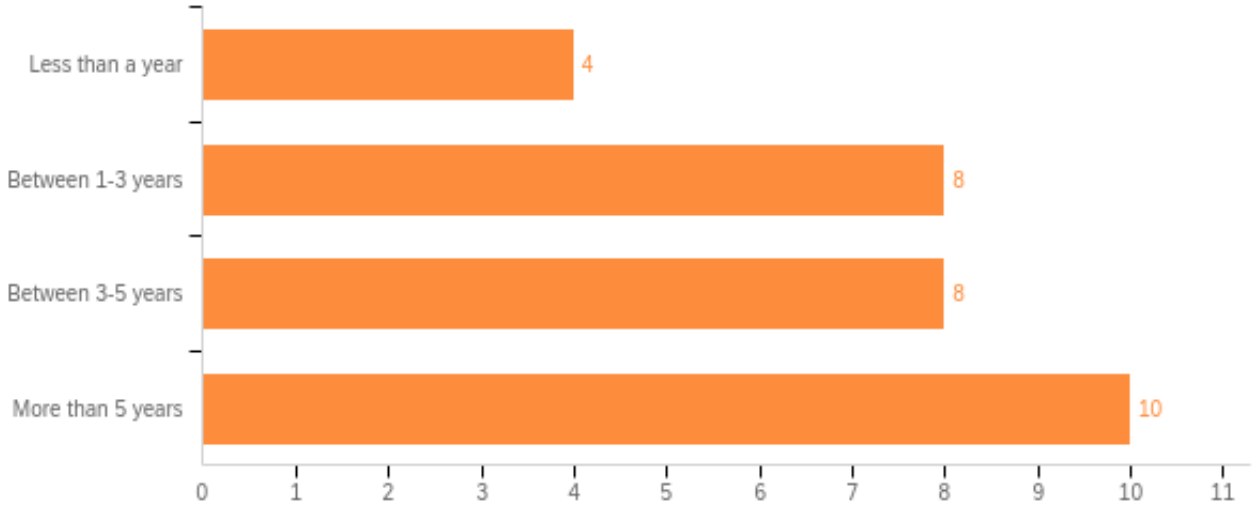
2. How long have you been in your current role?



Some Insights:

- A third of all respondents have been their role for more than 5 years
- Majority of participants have been in their current role between 1-5 years (53%)
- Less than 15% of respondents have been in their role for less than a year

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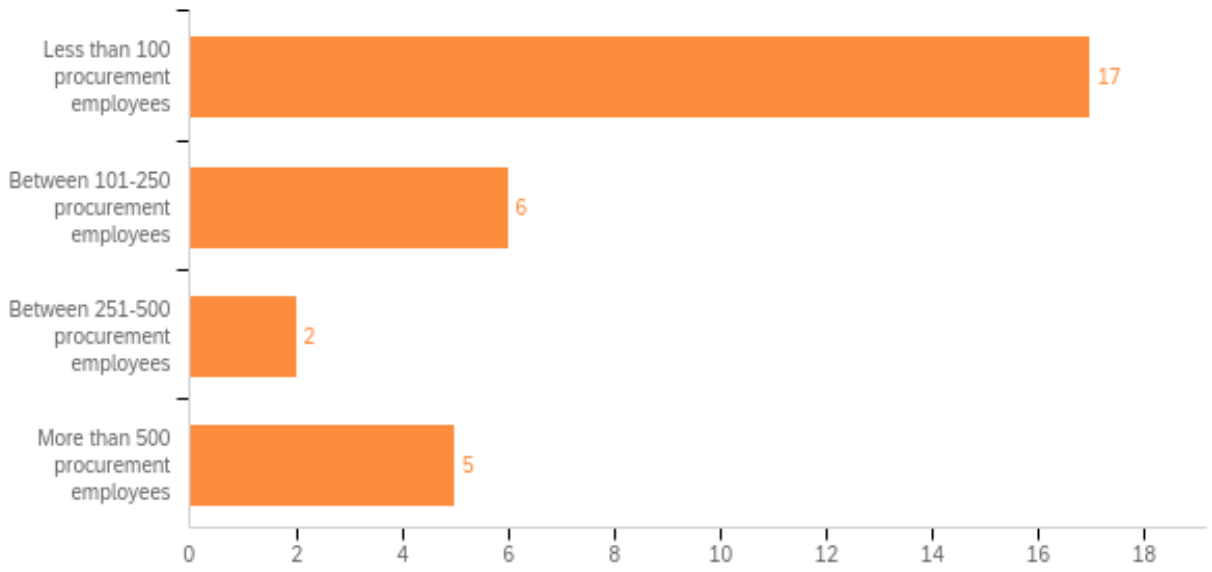
3. How many employees work in your procurement organization?



Some Insights:

- Majority of respondents work in / lead procurement organizations with less than 100 employees (≈ 57%)
- About 20% of participants work in / lead procurement organization sized between 101-250 employees
- One-sixth work in / lead procurement organizations with more than 500 employees

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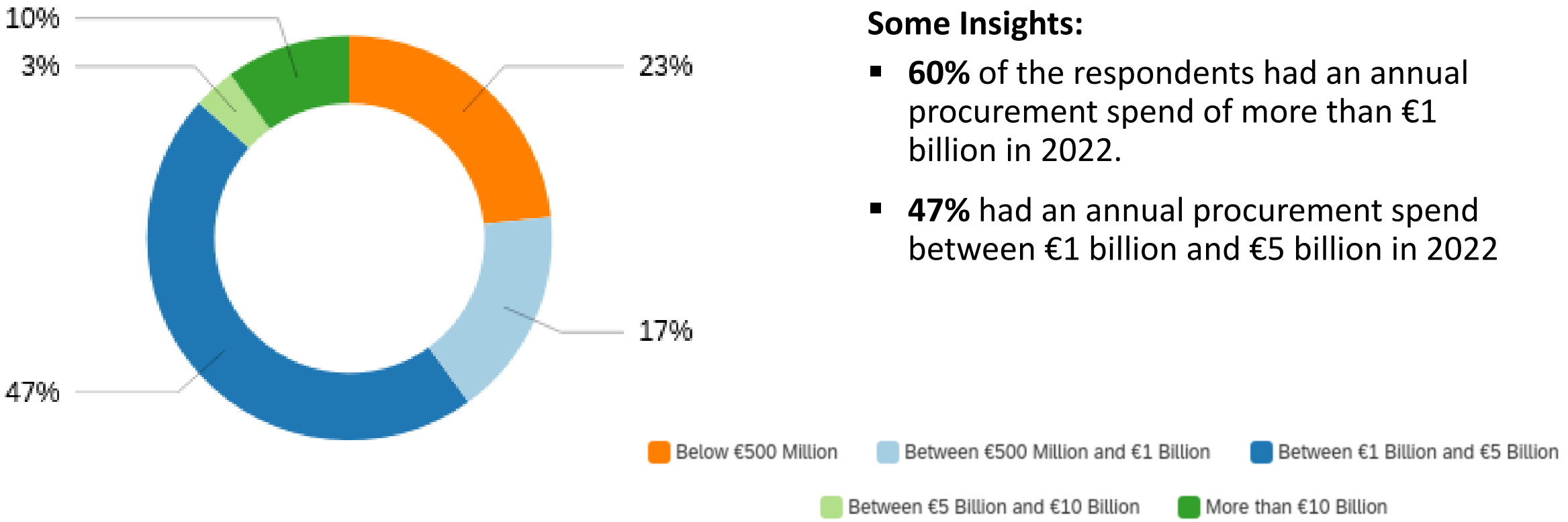
4. What was your annual procurement spend in 2022?



Some Insights:

- **60%** of the respondents had an annual procurement spend of more than €1 billion in 2022.
- **47%** had an annual procurement spend between €1 billion and €5 billion in 2022

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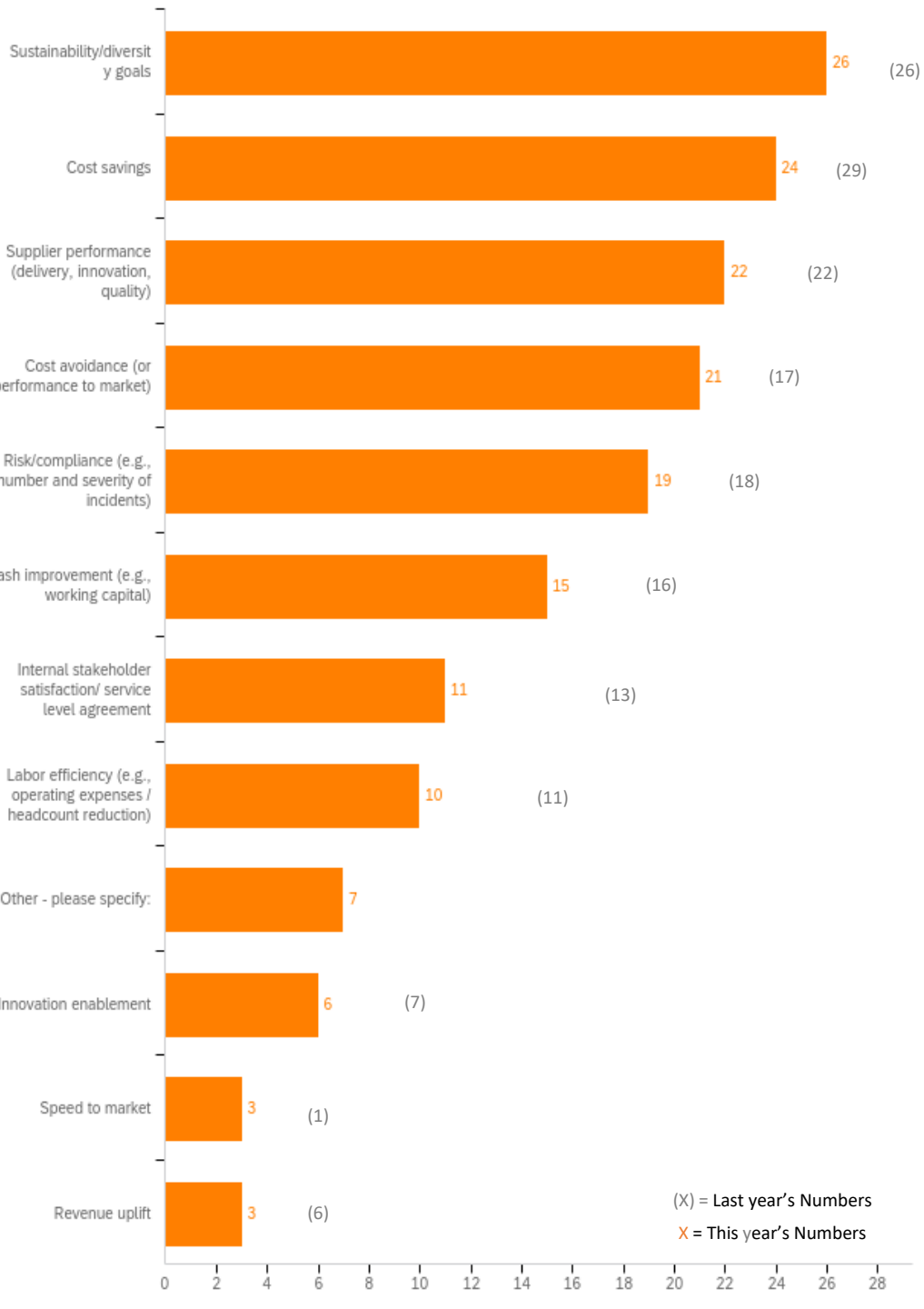

5. Which of the following KPIs do you get formally measured on in your company?

Some insights…

- Almost everyone (87%) gets measured on sustainability and diversity goals (same as last year)
- The majority (80%) also gets measured on cost savings (vs. 97% last year)
- 73% gets measured on supplier performance

Other things some of you get measured on:

- Employee engagement (based on annual survey)
- Spend under management
- Supply risk management
- Material availability
- Continuous Improvement
- Quality
- Compliance & Ethics

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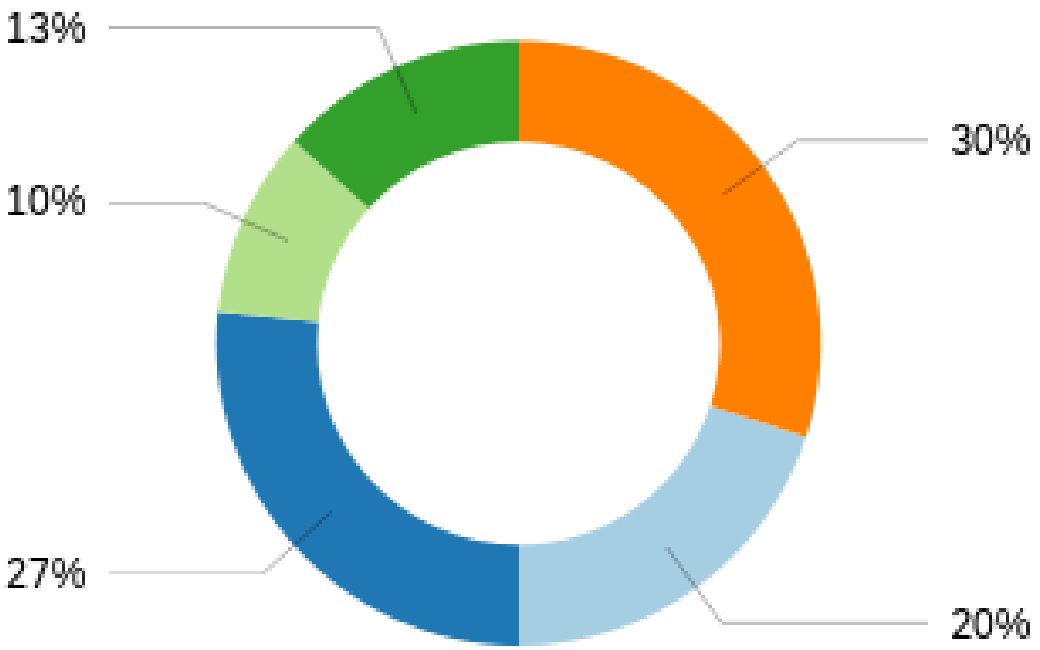
6. Who are you formally reporting to?



Some Insights:

- Almost a third of respondents are reporting to the Chief Financial Officer (30%)
- About a quarter (27%) of respondents are reporting to the Chief Executive Officer (CEO)
- 13% are reporting to “other” which include: MD of Business Unit, Chief Sourcing and Procurement Officer

Chief Financial Officer (CFO) Chief Executive Officer (CEO) Chief Operating Officer (COO)
Chief Supply Chain Officer (CSCO) Other - please specify:

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7. Looking at the purchasing maturity model, at which stage would you place your procurement organization?



X Indicates # of respondents this year (2023)

(X) Indicates # of respondents last year (2022)

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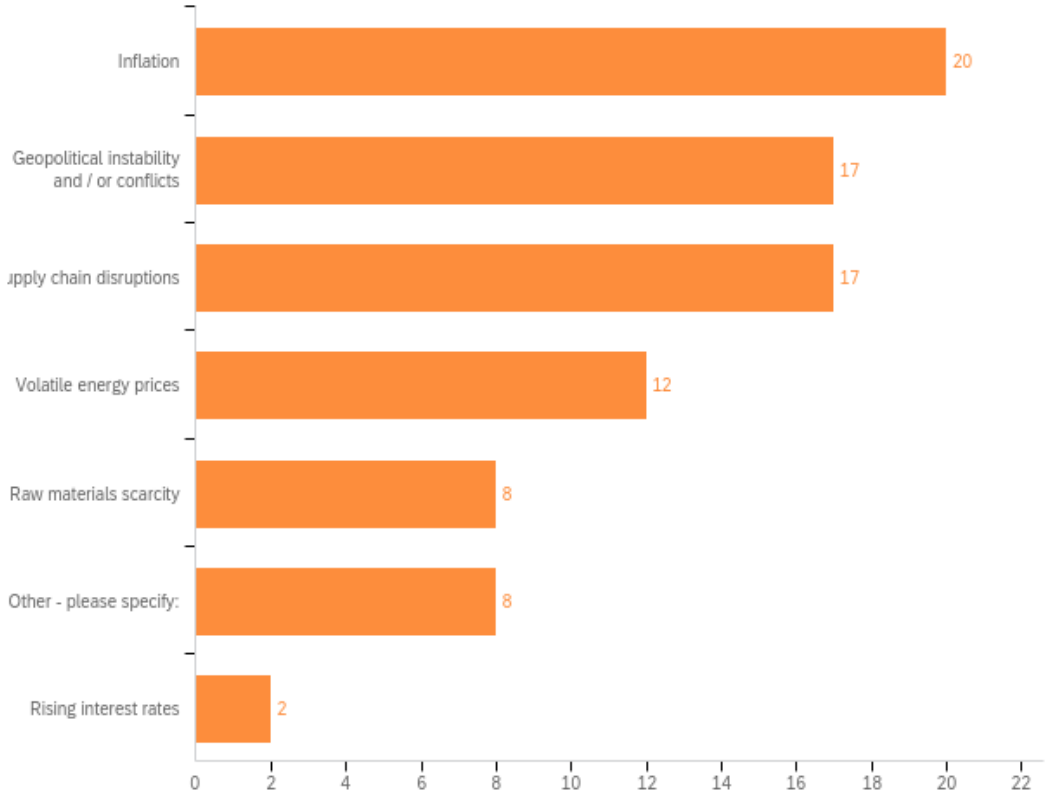
Trends in purchasing and supply chain management

8. What changes and challenges do you currently perceive as most pressing?



The three most pressing issues are:

1. **Inflation** is the most pressing issue that respondents are currently faced with (≈67%)
2. The majority also indicates **geopolitical instability and / or conflicts and supply chain disruptions** as pressing issues (≈57%)
3. **Volatile energy prices** (40%) is the third most frequently mentioned issue

”Other” include: sustainability, regulatory / laws and scarcity in warehouse capacity

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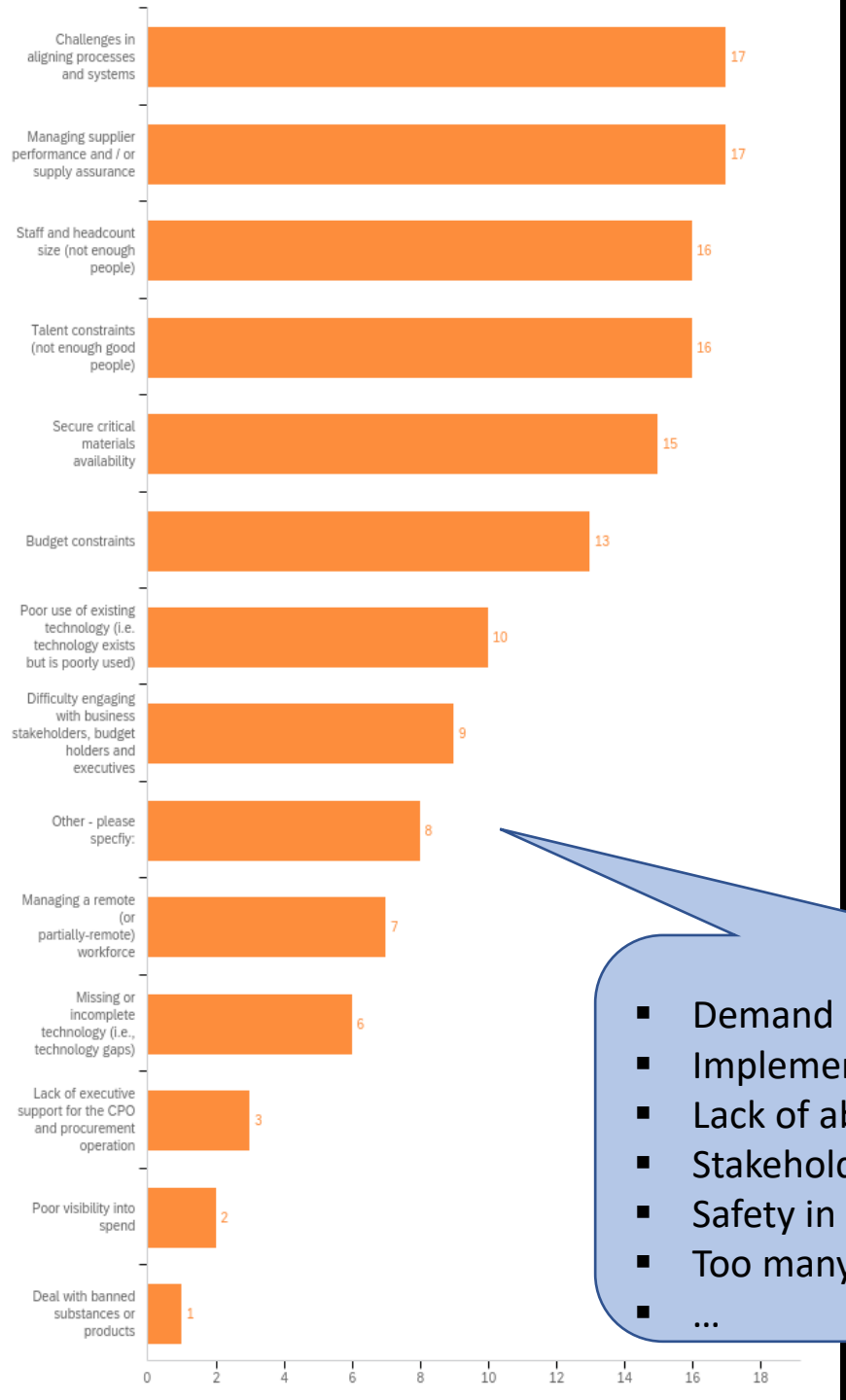

9. Connected to the previous question: What are the FIVE biggest challenges to achieving the procurement department's objectives over next 12 months

The most frequently mentioned challenges are:

1. Challenges in aligning processes and systems; Managing supplier performance and / or supply assurance (57%)
2. Staff and headcount size (not enough people); Talent constraints (not enough good people) (53%)
3. Secure critical materials availability (50%)

"Other" include:

- Demand Management
- Implementing new operating model
- Lack of ability in forecasting and planning
- Stakeholder complexity
- Safety in SC
- Too many different ERP systems
- …

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10. What are the FIVE key achievements of your procurement department of the past 12 months?



Key Achievements mentioned frequently:

- **Sustainability:** policies, targets
- **No SC disruptions:** supply assurance / gurantee
- **Cost:** Savings & Avoidance / Fighting Inflation
- **Digitalization:** Tools implemented, Budget secured
- **People:** extension of team, training, increased employees' satisfaction
- **Risk Management / Resilience**
- **Other:** M&A, accepted by internal stakeholders

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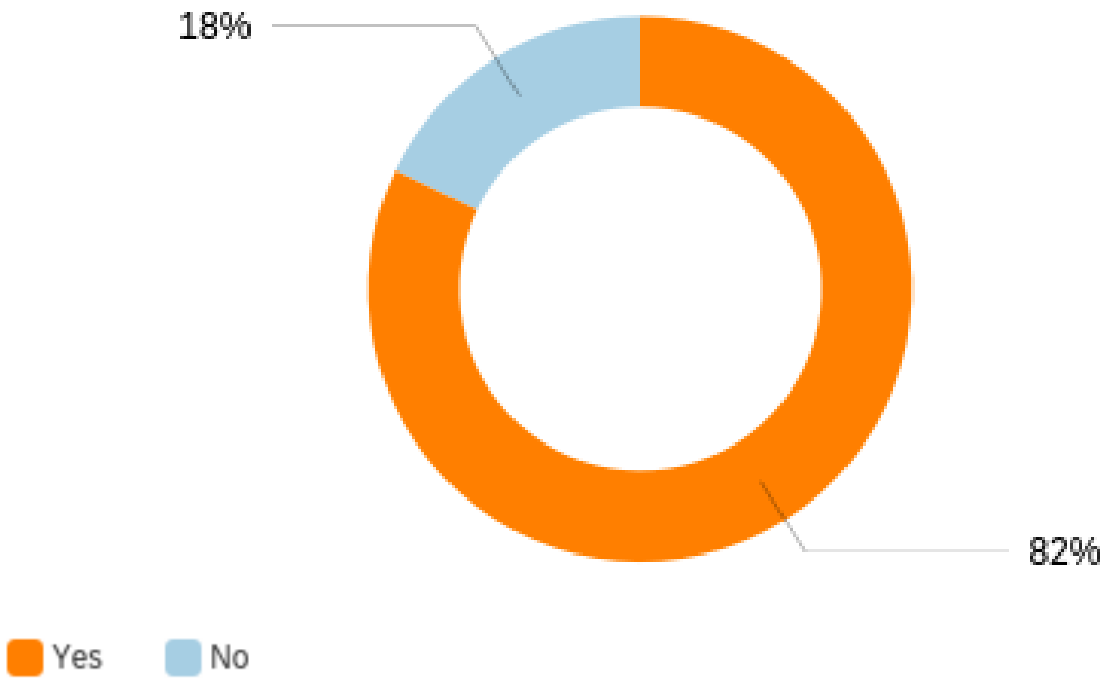
Digitalization in purchasing and supply chain management

11. Have you articulated a detailed *digital* procurement strategy?



Some Insights:

- More than 80% of respondents indicated that they have articulated a digital procurement strategy in their organizations (vs. 63% last year)

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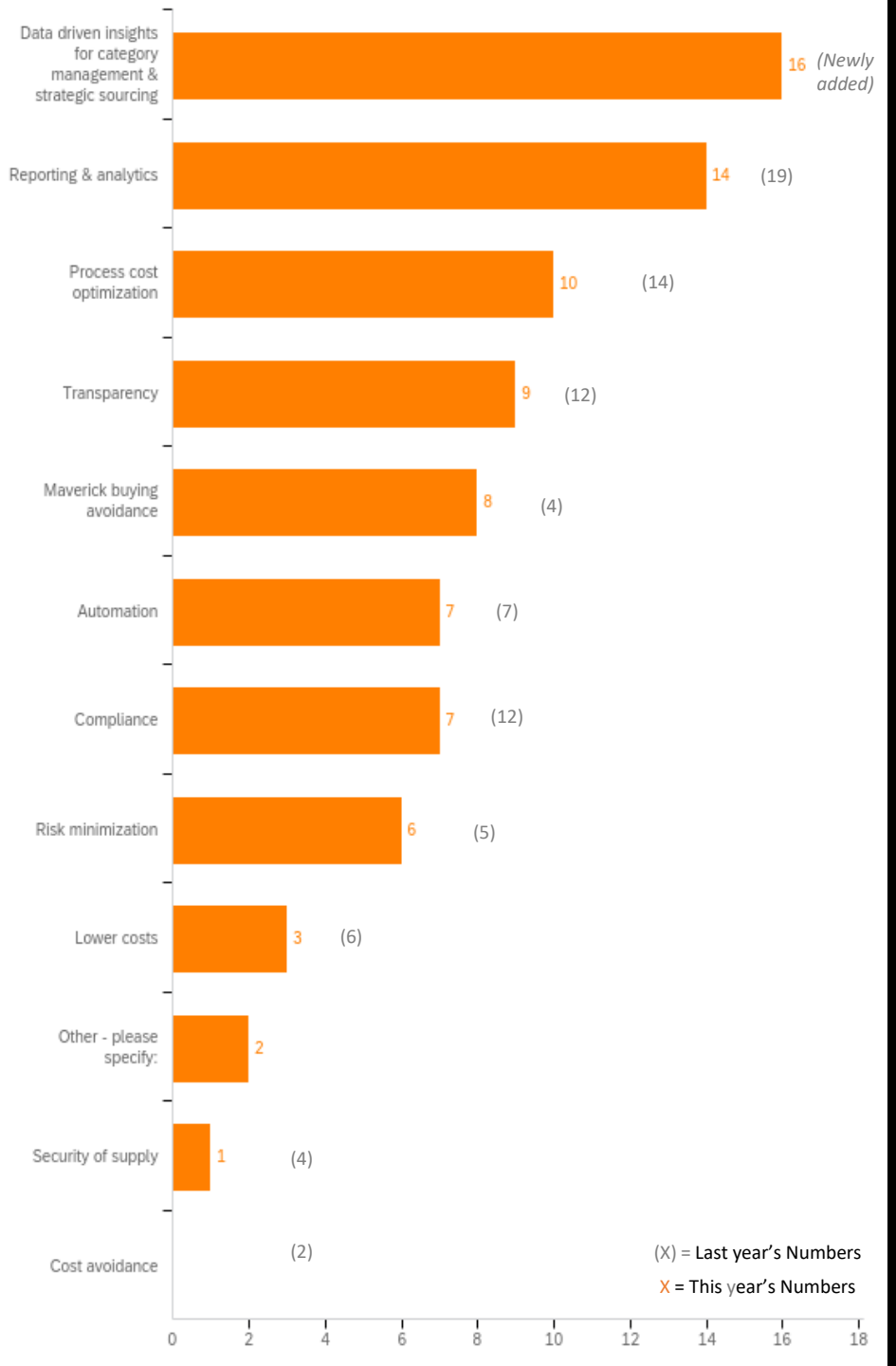

12. What are your main drivers for implementing digital technologies in procurement?

TOP 3 indicated by survey respondents:

1. Data-driven insights for category management & strategic sourcing (53%)
2. Reporting & analytics (47% *vs. 1st place last year)*
3. Process cost optimization (33% *vs. 2nd place last year)*

Responses are different from Onventis (2020)[1] responses:

1. Process cost optimization
2. Lower cost
3. Automation
4. Transparency

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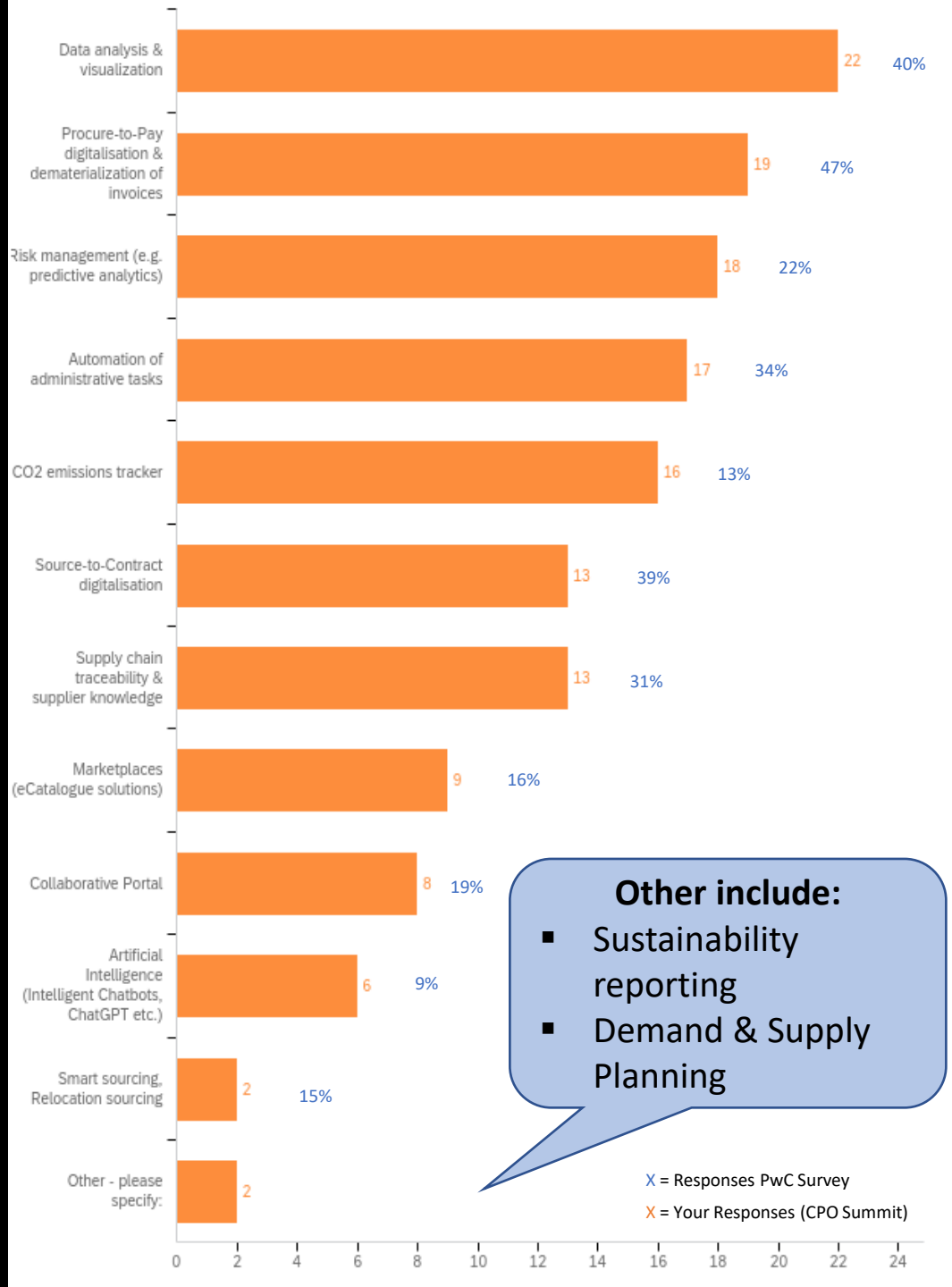
13. In which of the following procurement IT solutions do you target to invest in by 2025?

TOP 3 indicated by survey respondents:

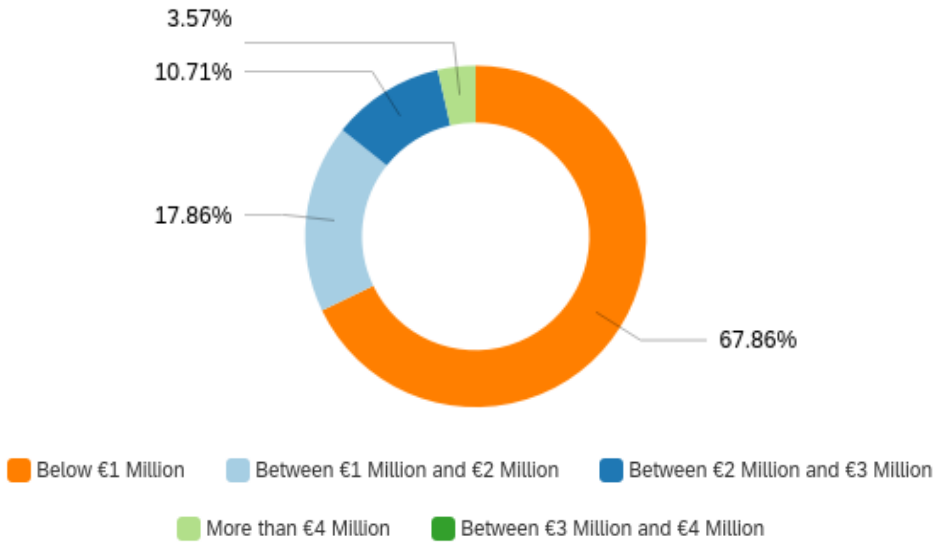
1. Data Analysis & Visualization (73%)
2. Procure-to-Pay digitalization & dematerialization of invoices (63%)
3. Risk management (e.g. predictive analytics) (60%)

Insights from PwC Global Digital Procurement Survey (2022):

1. Procure-to-Pay digitalization & dematerialization of invoices (47%)
2. Data Analysis & Visualization (40%)
3. Source-to-Contract digitalization (39%)



14. What is your budget for digital procurement technologies / digitalizing procurement processes in 2023? (not considering running costs)



Some Insights:

- Majority of respondents indicated a budget of less than 1 Million €
- Interesting insights when relating digitalization budget to procurement spend (table below)

		Digitalization Budget				
		Below 1 Million €	Between 1 and 2 Million €	Between 2-3 Million €	Between 3-4 Million €	More than 4 Million €
Procurement Spend	Below 500 Million €	7	0	0	0	1
	Between 500 Million and 1 Billion €	5	0	0	0	0
	Between 1 Billion and 5 Billion €	6	5	0	0	0
	Between 5 and 10 Billion €	0	0	1	0	0
	More than 10 Billion €	1	0	2	0	0

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15. What are the FIVE biggest challenges you face when adopting digital procurement technologies?



Challenges frequently mentioned:

- **Budget**
- **People** / Capacity & Capabilities
- **Change Management** / Willingness to Use Tech
- **Quality of Data**
- **Security**
- **Maturity of Technologies**
- **Current IT Landscape** / Implementation Challenges

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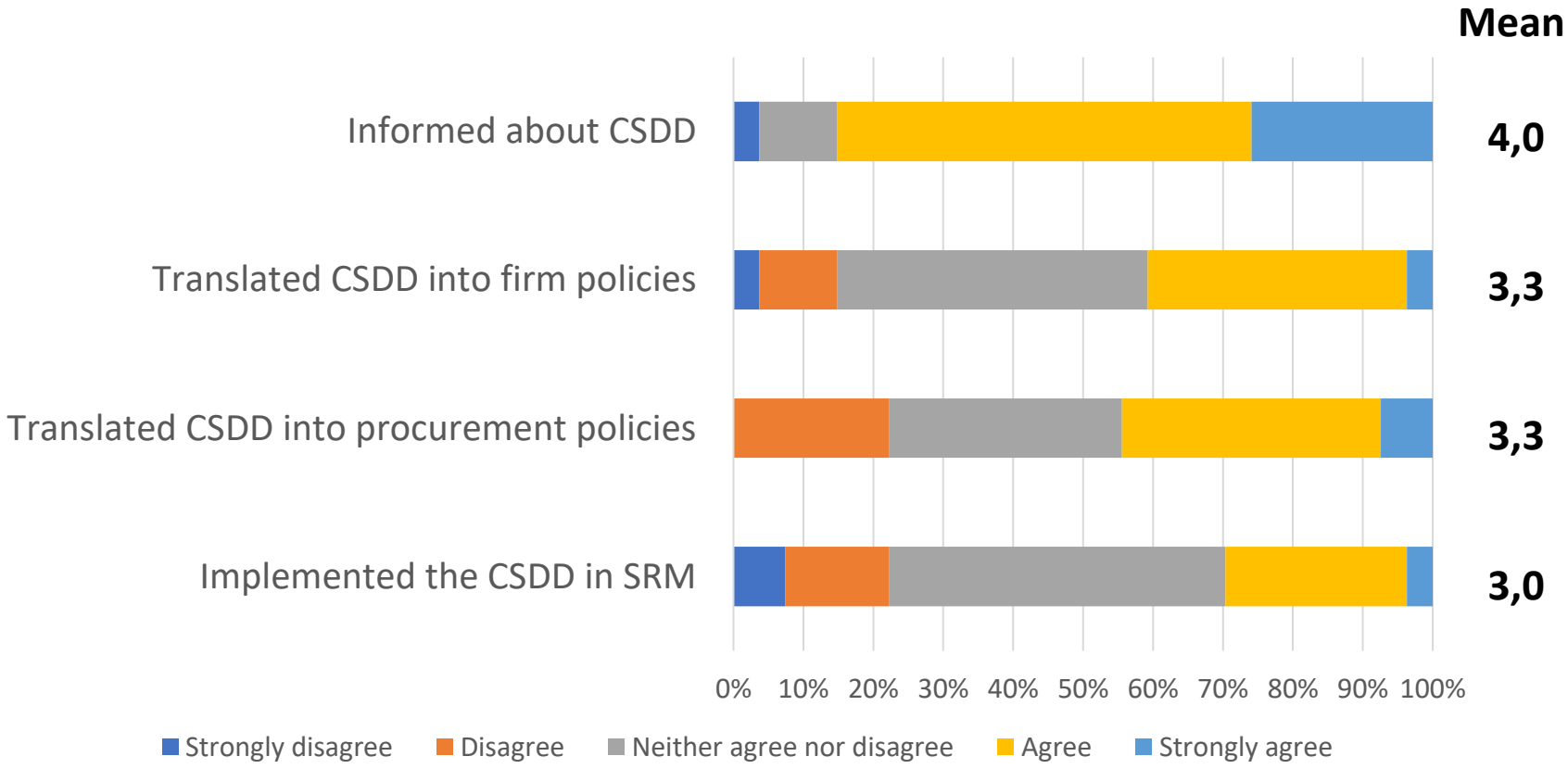
CSR in purchasing and supply chain management

16. Are you aware of and working on the Corporate Sustainability Due Diligence (CSDD) directive?

Environment
The CSDD addresses concerns to enforce 1.5 °C Paris recommendation
Social
The CSDD addresses human right concerns
Governance
The CSDD asks firms to change their internal governance structure



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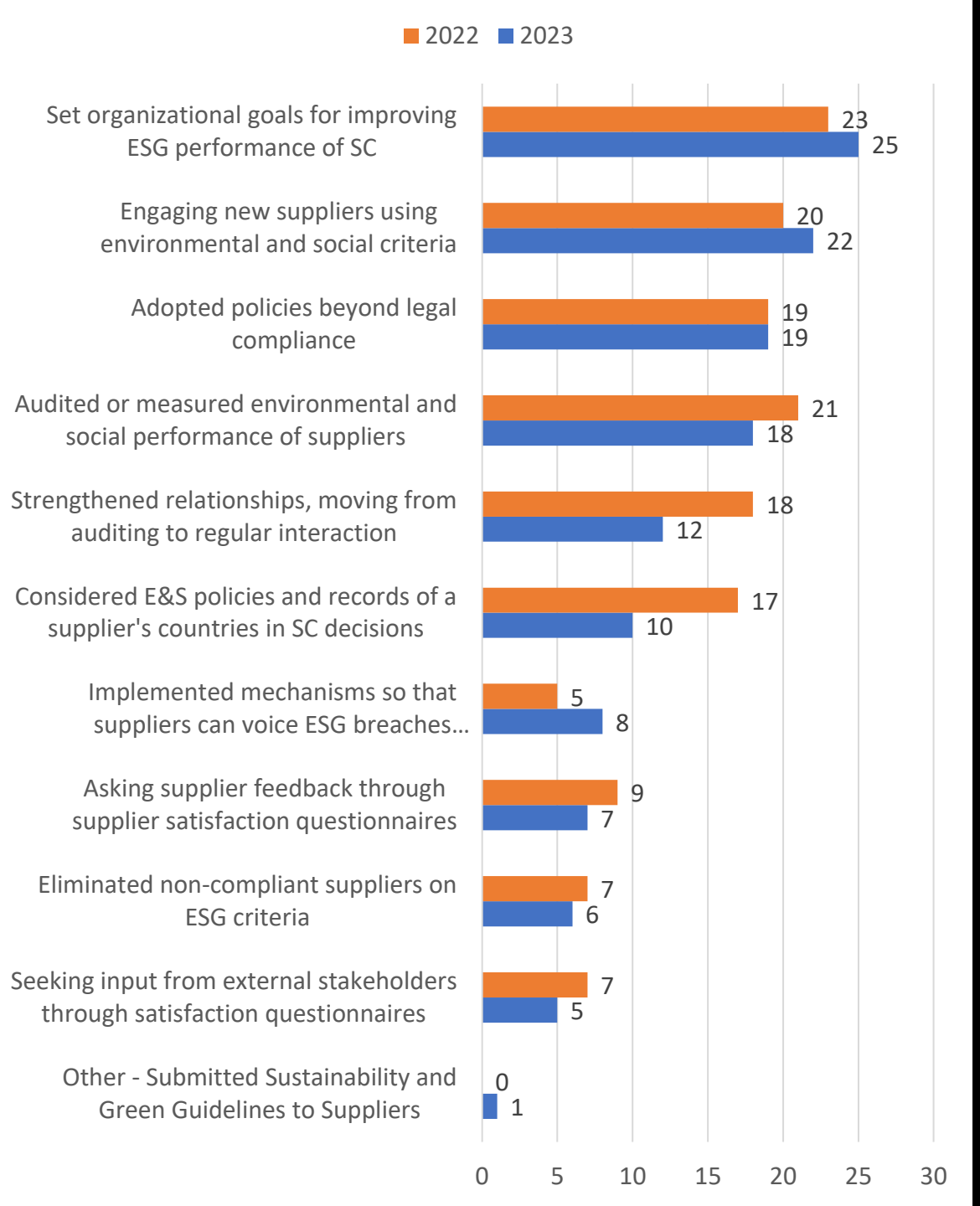

17. What steps have you taken to improve environmental, social, and governance (ESG) performance within the supply chain?

TOP 3 indicated by survey respondents:

1. Set organizational goals for improving ESG performance of the supply chain (83%)
2. Engaging new suppliers using environmental and social criteria (73%)
3. Adopted policies beyond legal compliance (63%)

Responses are in line with responses on Crowell & Moring LLP* survey 2021.

Last year responses:

1. Strong focus on auditing and measuring environmental and social performance of supplier

*Crowell & Moring LLP (2021). ESG Survey: Environmental Performance and the Stakes for Your Business

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18. Which SC challenges is your organization facing in improving it's environmental, social, and governance (ESG) performance?

TOP 3 indicated by survey respondents:

1. Full supply chain transparency (60%)
2. Measuring and holding suppliers to verifiable standards (50%)
3. Cyber security risk (43%)

Last year responses:

1. Full supply chain transparency as a new challenge
2. Less attention for worker health and safety at suppliers
3. Challenge 4-6 differently rated

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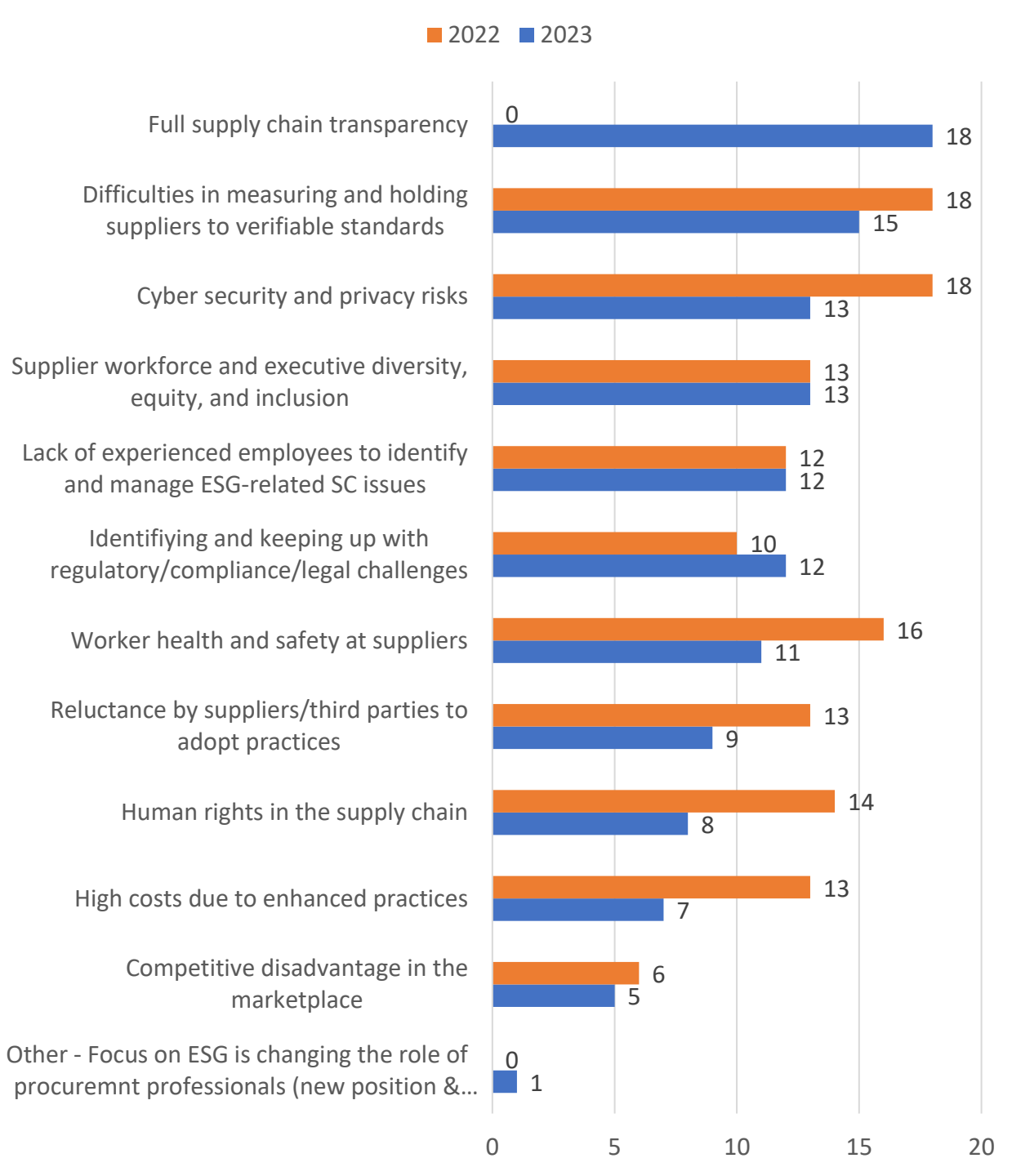
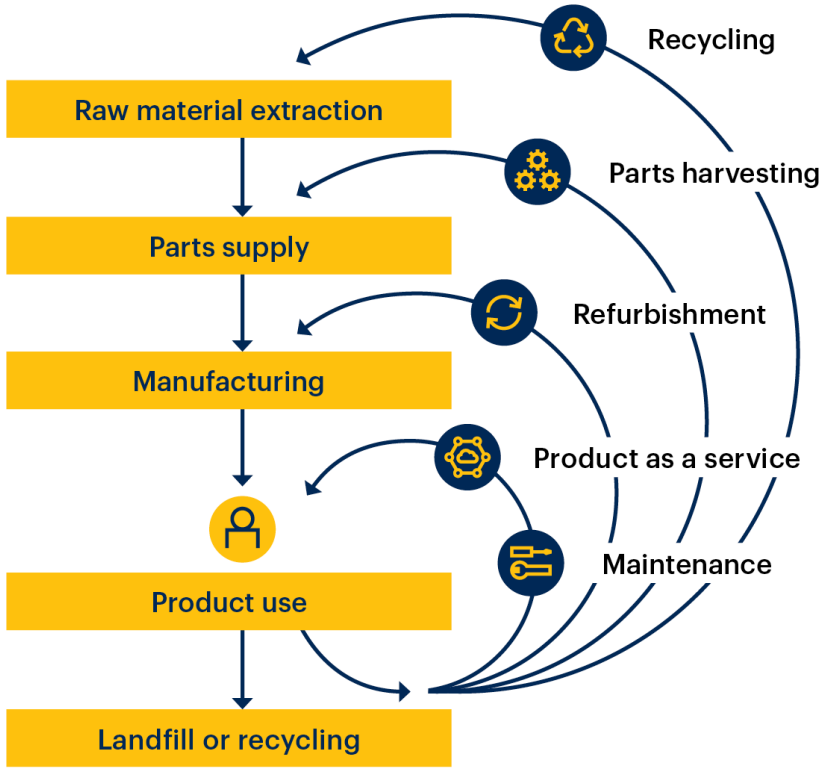
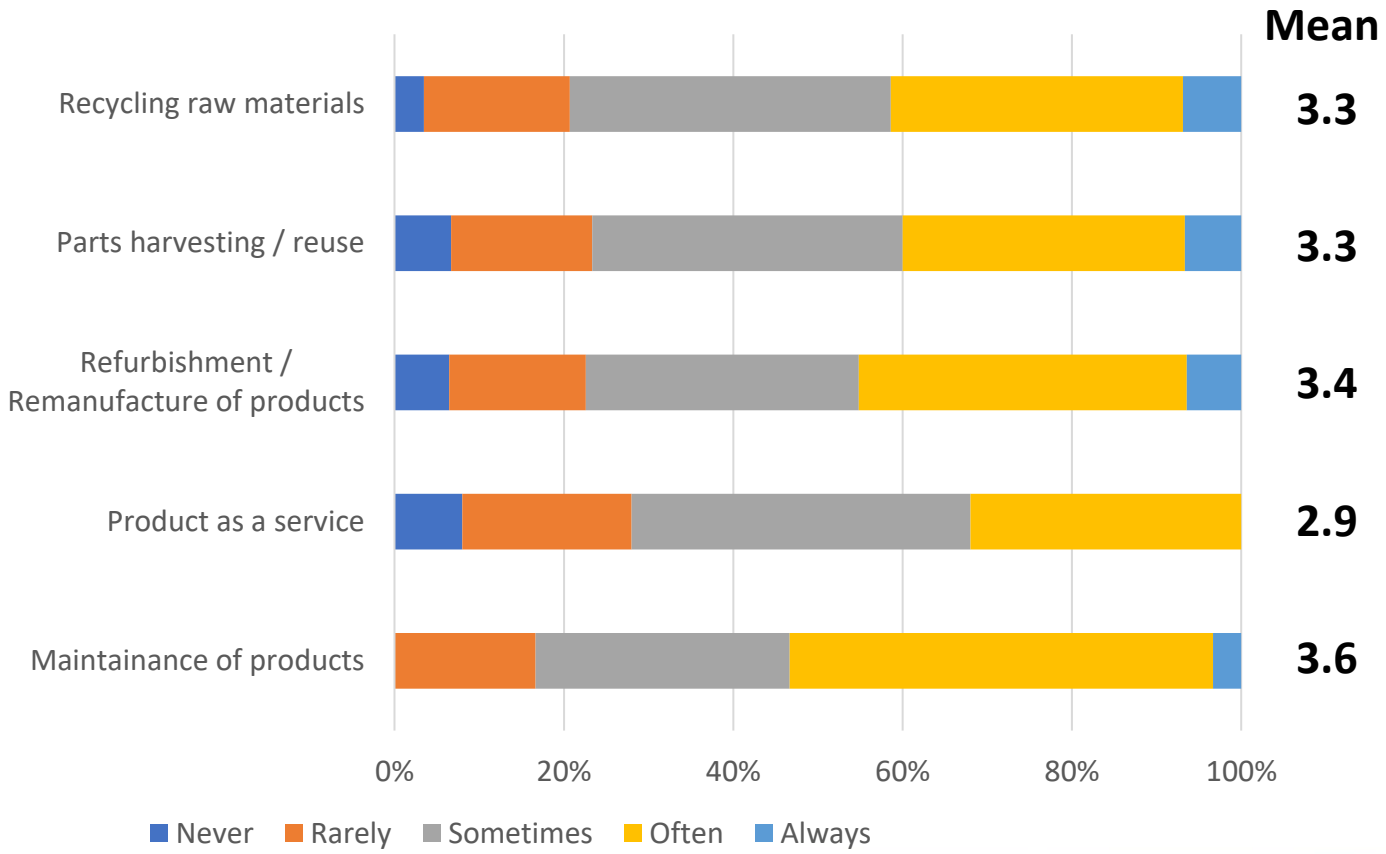


19. What are your key activities in PSM to drive circularity?





Other activities:

1. Reduce production and distribution impact (mean=3.5)
2. Refuse material extraction/input (mean=2.8)
3. Re-design products for circularity (mean=2.8)

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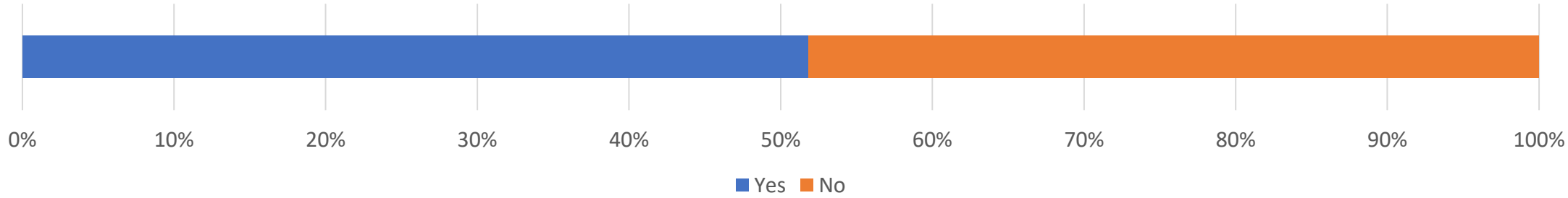
20. Is you organization actively involved in creating a network to achieve circularity?



Network the firm is active in:

- SBTi (Science Based Targets initiative)
- Business corporations
- Alignment with manufacturers and wholesalers
- Own Supplier Network with top 80 to 100 suppliers
- Beton akkoord, staal akkoord and different initiatives to reduce usage of primary raw materials
- FTTH Council, NLConnect
- Groene netten / Netbeheer NL
- Industry platforms
- Pilot with EU purchase in UK with SEDEX to ensure supply chain is socially, environmentally and ethically sustainable.
- With firm foundries

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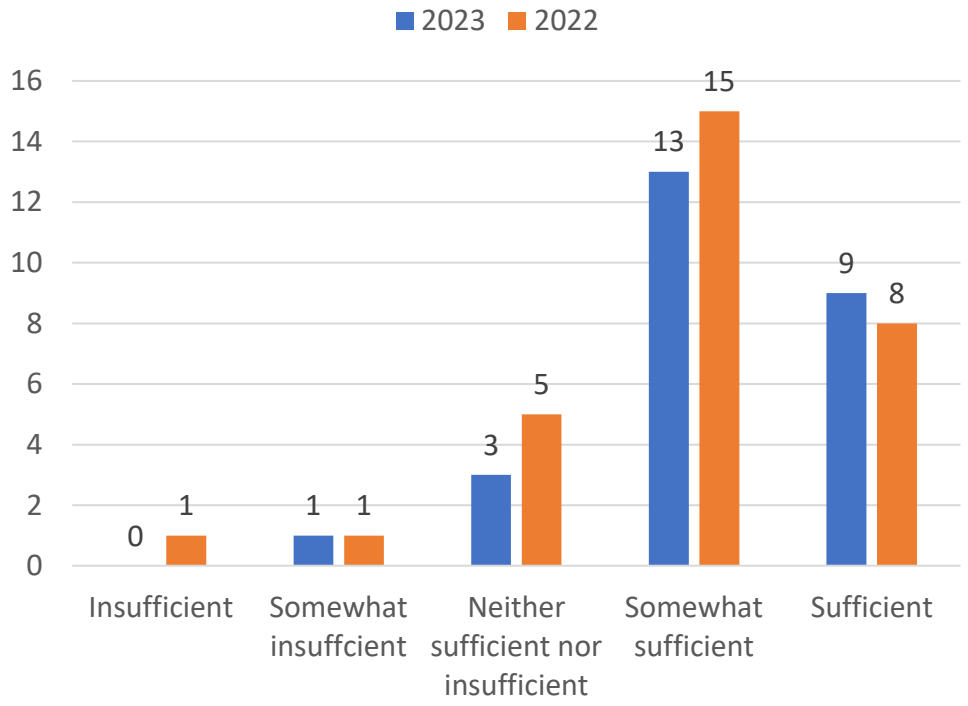
Leadership in purchasing and supply chain management

21. To what extent are the skills and capabilities of the current team at a sufficient level to deliver your functional procurement strategy?



Facts:

1. The majority indicates that the skills and capabilities of the current team are at least somewhat sufficient to deliver the functional procurement strategy.
2. However, some CPOs also indicate that the skills and capabilities of the current team are insufficient or somewhat insufficient.

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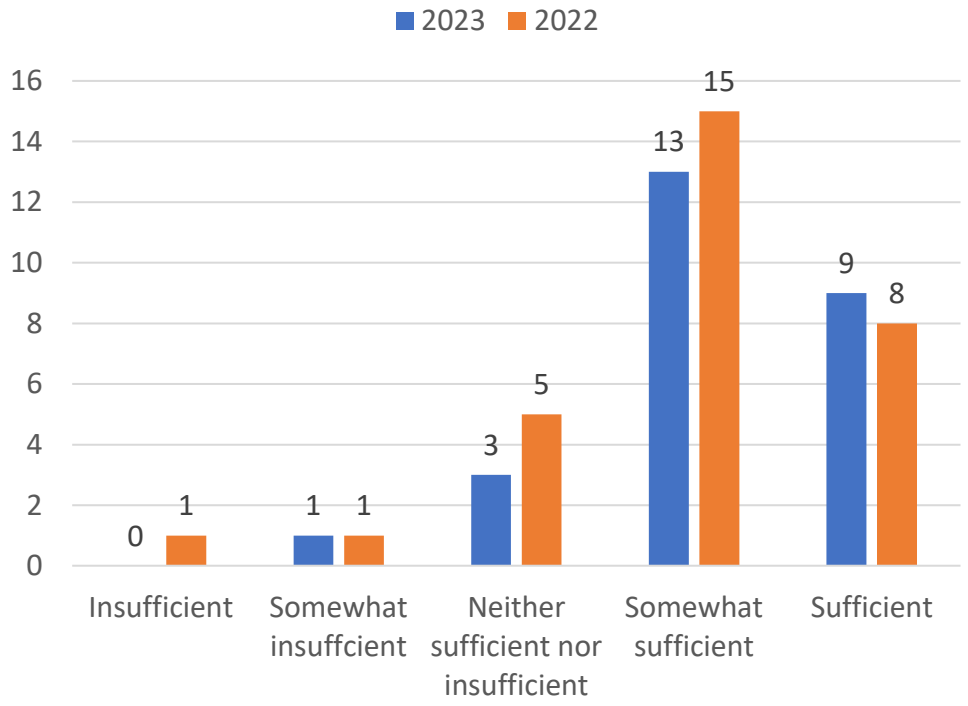
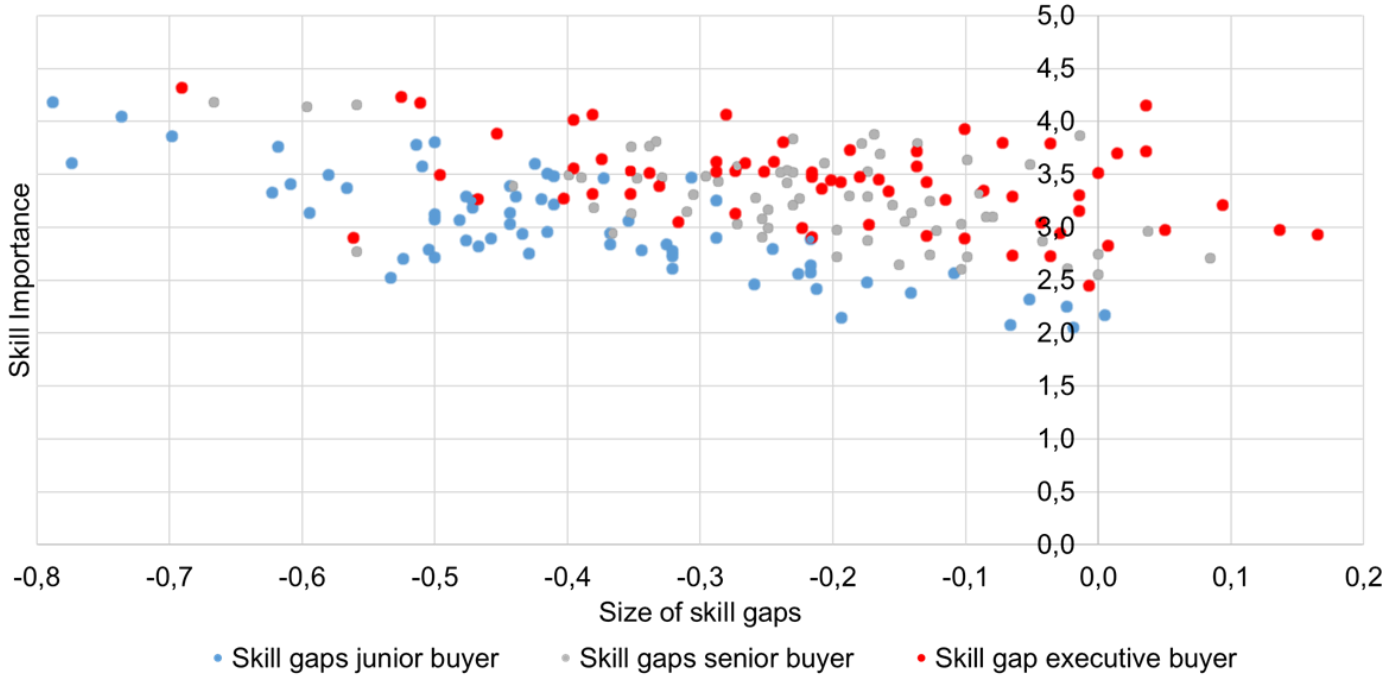
21. To what extent are the skills and capabilities of the current team at a sufficient level to deliver your functional procurement strategy?





Source: Delke, V., Schiele, H., & Buchholz, W. (2022). Mind the Gap: Skill Gaps in Purchasing and Supply Management Evolving Around Innovation, Communication and I4.0. In Supply Management Research, Springer Gabler

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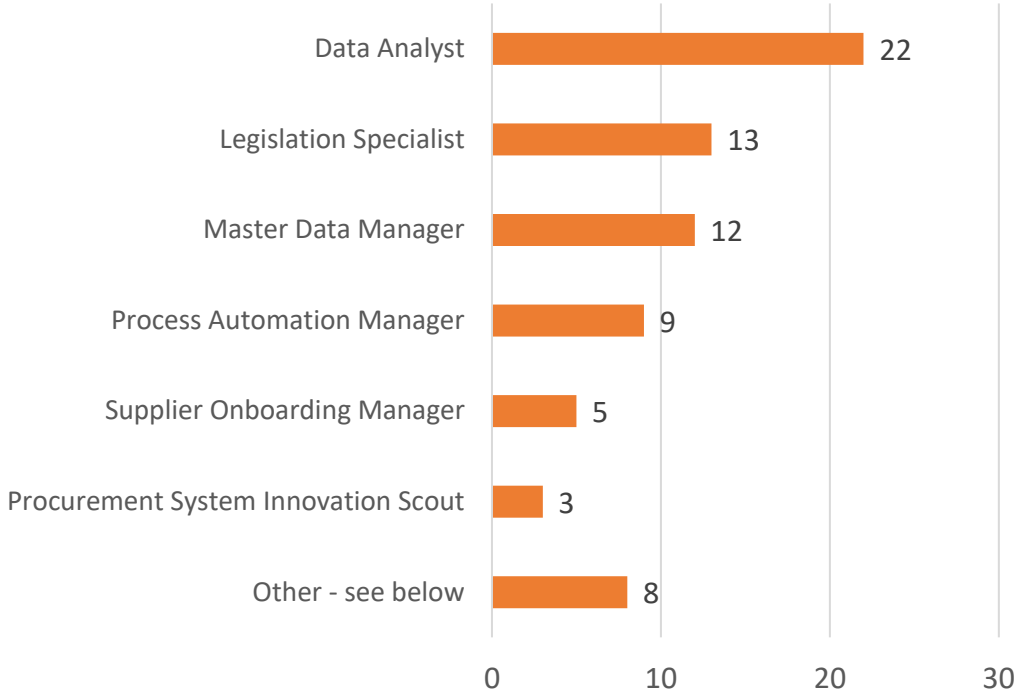
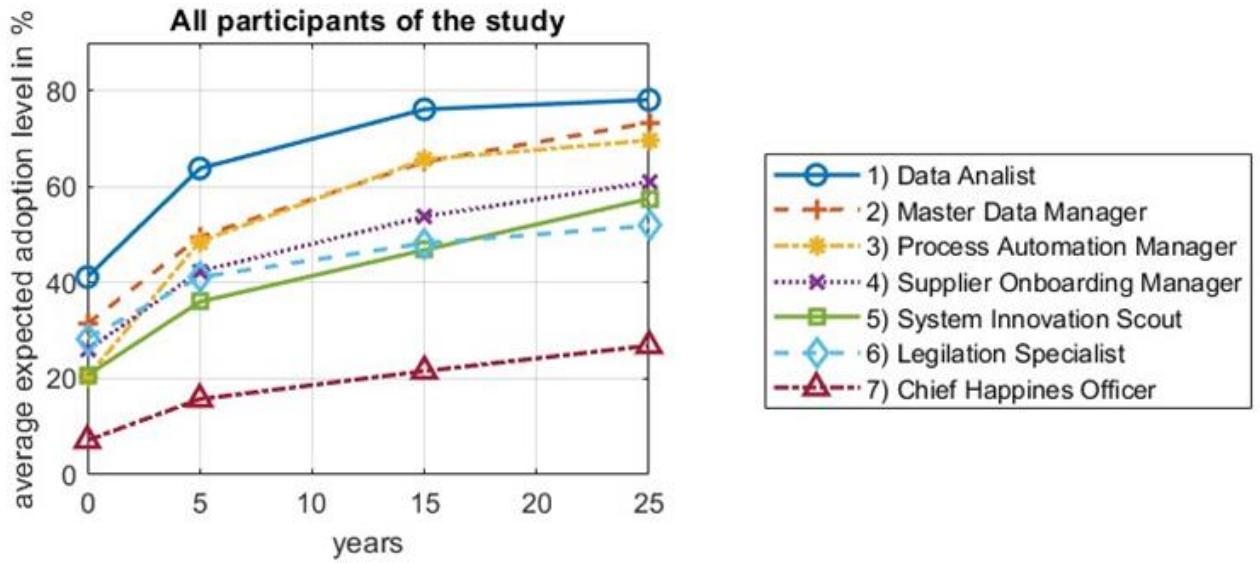
22. Technology is reshaping job profiles. Does your organization employ one of the following roles?





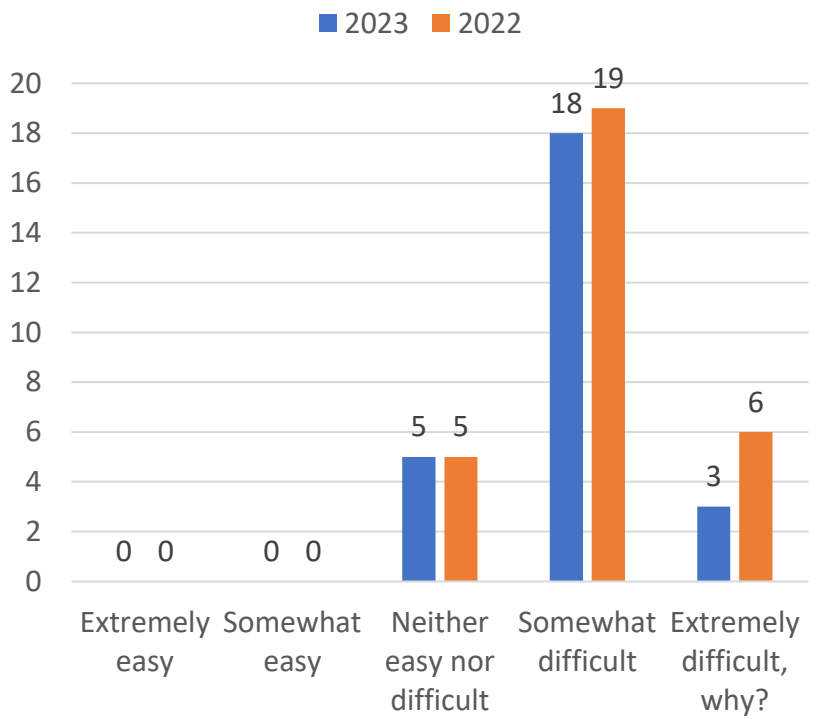
Other mentioned:

1. Procurement Project Managers
2. Procurement Excellence Manager
3. Procurement Development Manager
4. S2P Specialists
5. Audit/ quality Manager
6. Excellence roles (sourcing, supplier mgt, supply risk mgt)

Source: Delke, V., Buchholz, W., & Schiele, H. (2021). Specifying roles in purchasing and supply management in the era of Industry 4.0: A Delphi study. Proceedings of the 28th EurOMA Conference



23. Do you have difficulties in attracting procurement talent?

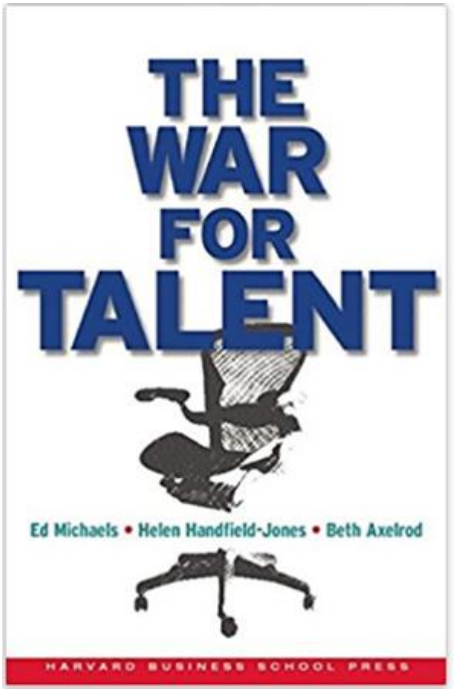


TOP 3 facts:

1. The war for talent continues!
2. The majority (60%) indicates that it is somewhat difficult to attract procurement talents.
3. Nobody seems to find it easy to attract

Compared to last year:

1. Similar results
2. Twice as many indicate to have extreme difficulties



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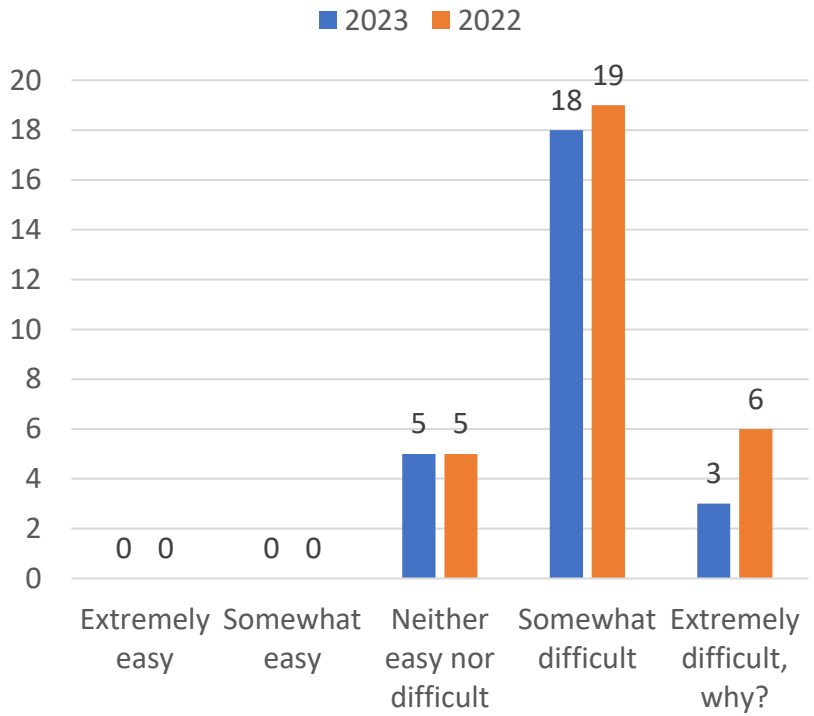
23. Do you have difficulties in attracting procurement talent?



5 x Extremely difficult, because:

- Companies offer enormous salary
- Contract managers
- Particularly in direct materials - not sufficient senior strategic profiles

3 x Neither easy nor difficult, because:

- Depending on country situation
- Depends on the role
- Multiple internal referrals
- Able to find new people with experience levels

18 x Somewhat difficult, because:

- Compensation (6x), expectations, locations
- New technologies, ICT roles and skills (4x)
- Lack of business skills (3x)
- Attractiveness of sector (2x) (starters)
- With a good network able to find talent
- High quantity of replies, quality is challenging
- Pace of growth
- Scarcity in market, war for talent

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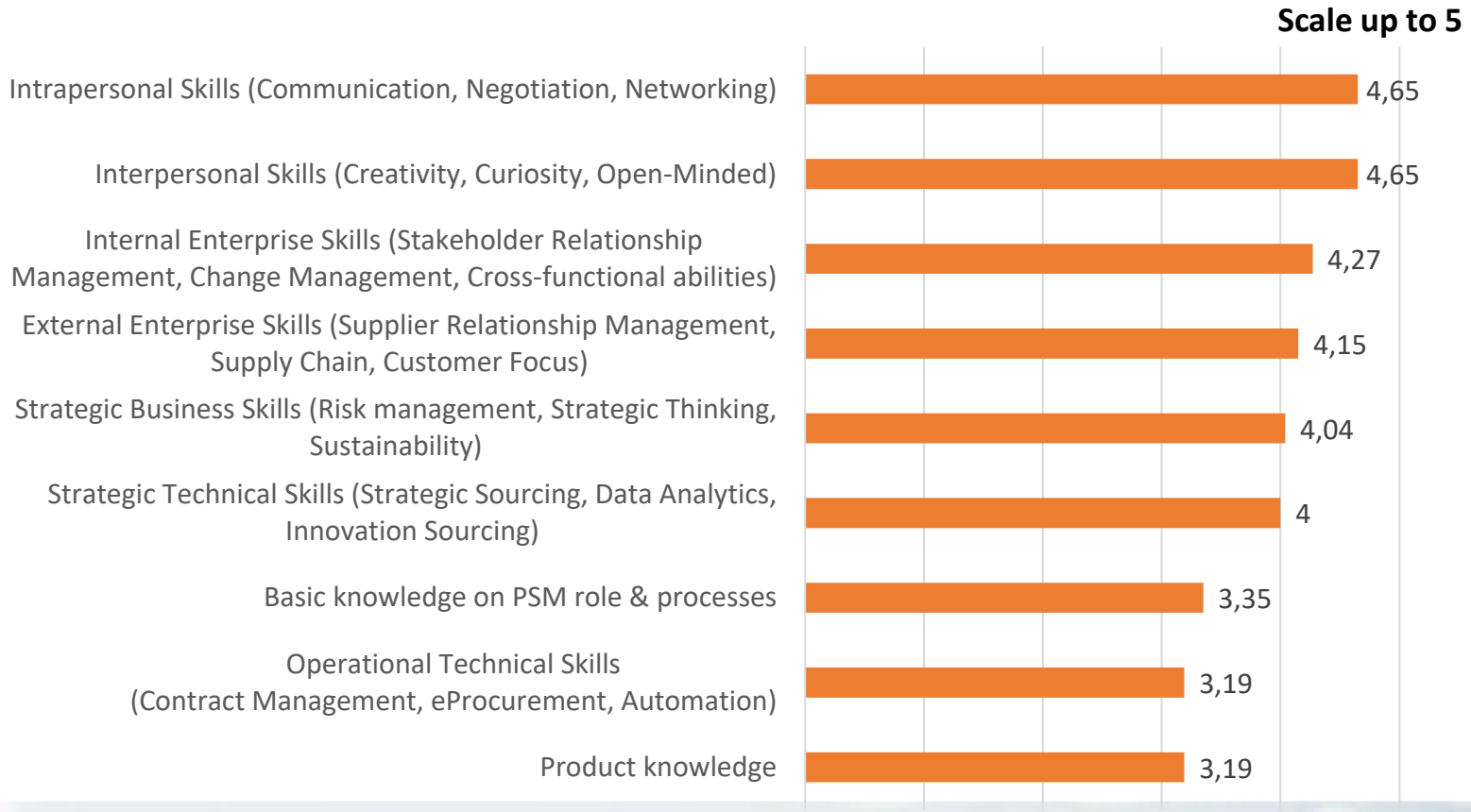
24. While recruiting personnel in procurement, on which competencies are you focusing?

EY 2022 Global Chief Procurement Officer Survey:

- During hiring, respondents highlighted traditional procurement skill sets as the preferred capabilities.
  - Nearly 39% prioritize core procurement capabilities
  - Almost 27% prioritize stakeholder management skills
  - Exactly 16% prioritize supply market understanding



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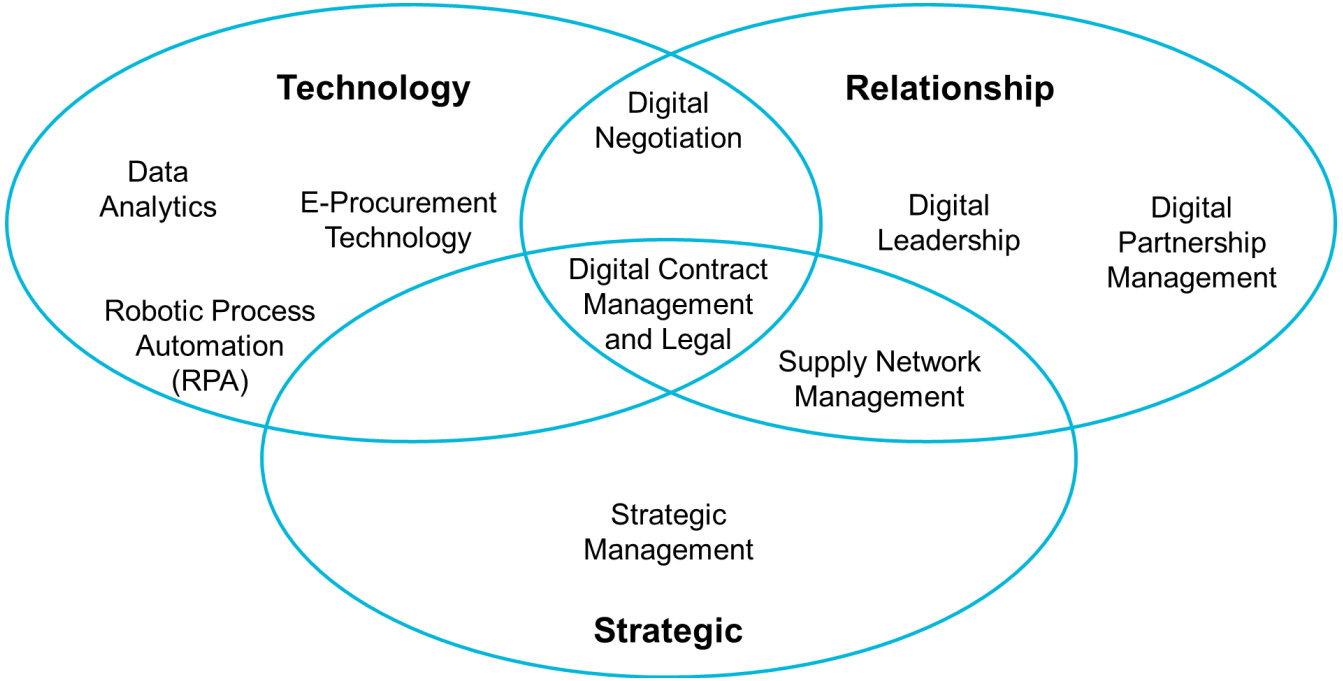
24. While recruiting personnel in procurement, on which competencies are you focusing?

EY 2022 Global Chief Procurement Officer Survey:

- During hiring, respondents highlighted traditional procurement skill sets as the preferred capabilities.
  - Nearly 39% prioritize core procurement capabilities
  - Almost 27% prioritize stakeholder management skills
  - Exactly 16% prioritize supply market understanding



Source: Delke, V., Schiele, H., Buchholz, W., & Stek, K. (2021). Defining Industry 4.0 skills in purchasing and supply management. Proceedings of the 28th EurOMA Conference

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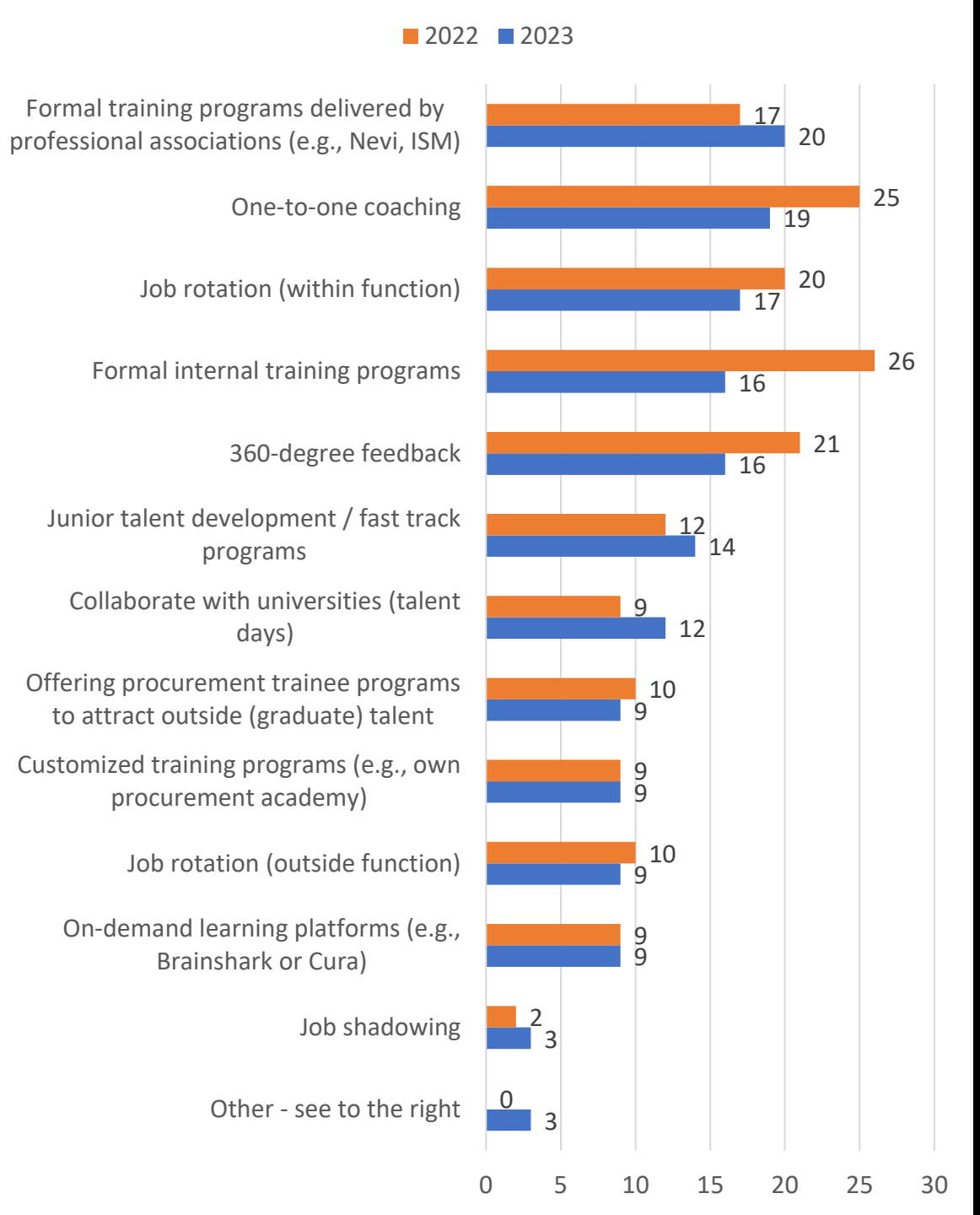

25. Which approaches do you leverage to develop procurement talents?

TOP 3 indicated by survey respondents:

1. Formal training programs delivered by professional associations (e.g., Nevi, ISM; 66%)
2. One-to-one coaching (63%)
3. Job rotation (within function; 56%)

Other approaches:

1. Giving my own attention and commitment to key talents
2. Structured focus (goal setting, coaching, progress meetings)

Compered to last year responses:

1. Today, less formal internal training programs but focus on formal external programs
2. Less one-to-one coaching and 360-degree feedback

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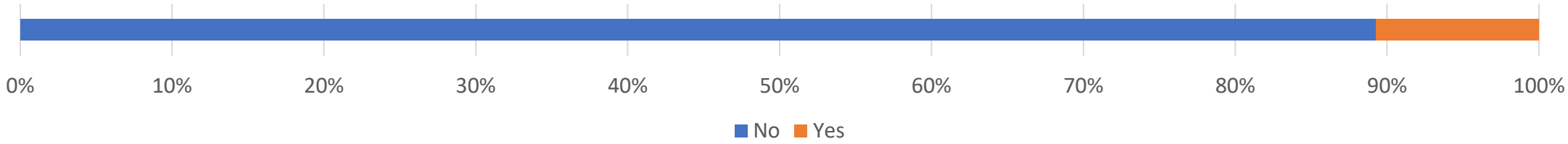
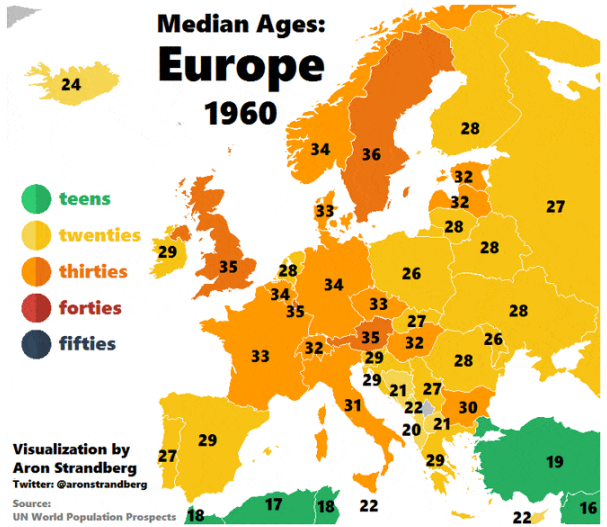
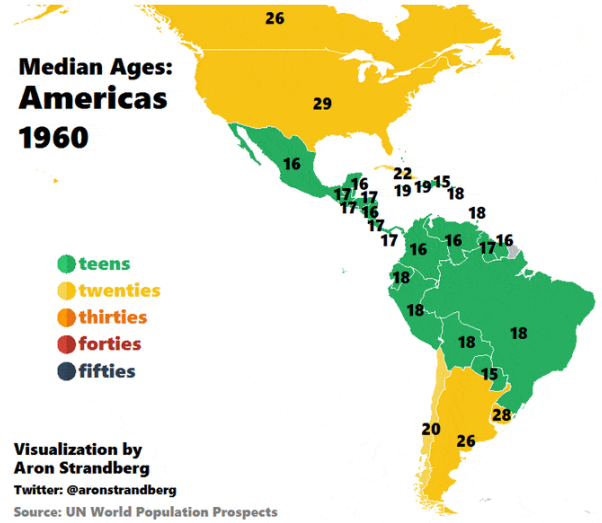
26. How do you engage the aging workforce (silver workers) to be involve in the future digitalization projects?



How:

- Talent rotation program
- Mandatory involvement in strategic projects (mediors & seniors)





Source: UN World Population Prospects (2017)

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