

# FROM INSIGHTS TO IMPACT: DRIVING HIGH-PERFORMANCE PROCUREMENT

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Maximise Organisational  
Value and Effectiveness

# Executive Summary

## Don't get comfortable.

That's the takeaway coming out of Procurious' latest research, which provides critical analysis on procurement performance drivers, measures, and impact. The research, which was conducted in partnership with SpendHQ, shows that while procurement continues to expand its influence and impact, the function has more work to do to elevate its value and shake its reputation as a cost center.

And that work starts with radically improving data and how procurement teams manage, measure, and communicate their performance.

For instance, our research shows that procurement performance remains business critical – especially for large, multinational organisations. Specifically, 91% of large organisations (more than \$1 Billion in revenue) report having a senior executive specifically overseeing procurement performance. While this is an extremely positive takeaway that shows the crucial nature of procurement, there's more to the story:

- **Procurement (still) has a big data problem.** Nearly 75% of respondents doubt the accuracy of the data they present.
- **This enduring data problem leads to poor decisions, indecision, and pushback.** Alarming, 79% of non-procurement execs are somewhat or not at all confident in using procurement's data to make strategic decisions.
- **Most procurement teams (79%) lack dedicated procurement performance management software to track and manage their performance.** Seventy-four percent (74%) still use spreadsheets, among other tools, to track performance indicators and metrics.

These data and performance management woes impede procurement's ability to make a bigger impact – and put its reputation, resources and budget at risk. While procurement is more visible and has more influence across the organization than ever before, the go-forward gaps are very real. Conquering them represents the next frontier for procurement teams -- and an absolute must to stay relevant in today's fast-changing market. Read on to see how.

“While procurement's influence and impact continue to expand, insufficient data confidence hinders its ability to make strategic decisions, drive desired outcomes, and shed its reputation as a cost center. Procurement must ensure it has enough reliable data 'in the tank' to enable it to build influence with the C-suite and unlock its full potential.”

- Tania Seary, Founder and CEO Procurious

## As Procurement's Performance and Influence Increase, They Struggle to Align

Procurement performance management (PPM) remains business critical – especially for large, multinational organisations. When procurement performs well, the overall organisation follows. Executive leaders (i.e., Presidents, CEOs, CFOs, CIOs, COOs, etc.) understand this dependency and the vast majority (83%) oversee procurement performance. What's more: 91% of companies with \$1B or more in revenue have a senior executive that specifically oversees procurement performance, as do 77% of companies with less than \$1B in revenue.

As a result, procurement's role and influence continue to increase – with a strong majority of procurement teams using their presence to influence or even set their own mandates and priorities. Thirty-eight percent (38%) of all respondents present their own priorities to the C-suite for guidance, while 25% set their own priorities.



However, our research shows that procurement strategies don't always align with their companies' overall vision. While procurement teams are roughly split on perceptions of how well their strategies align with their company's overall vision (49% very aligned vs. 48% somewhat aligned), C-suite executives took a more positive view (56% vs. 41%).

There are several possible explanations here. Most center around the C-suite communicating more directly and ensuring functional leads understand and can communicate with their teams around how specific initiatives and actions drive larger business outcomes.

## Collaboration Across the Enterprise is High, Particularly with Finance, but Critical Gaps Remain

Procurement needs tighter collaboration and better feedback to improve performance.

For example, 67% of respondents collaborate with Finance regularly or often, while 60% collaborate with Supply Chain and Logistics, as well as IT and Operations. While this data is strong, more collaboration is needed with other stakeholder business units to improve bilateral performance and overall business outcomes. Consider that 43% of all procurement teams never or rarely collaborate with manufacturing on performance and outcomes, while 39% never or rarely collaborate with sales and marketing.

**“The lack of collaboration is eye-opening considering the renewed pressure around product and service quality, brand, and reputation, and the perennial mandate to drive cost savings,”**

**– Prashant Bhatia, Chief Marketing Officer at SpendHQ**

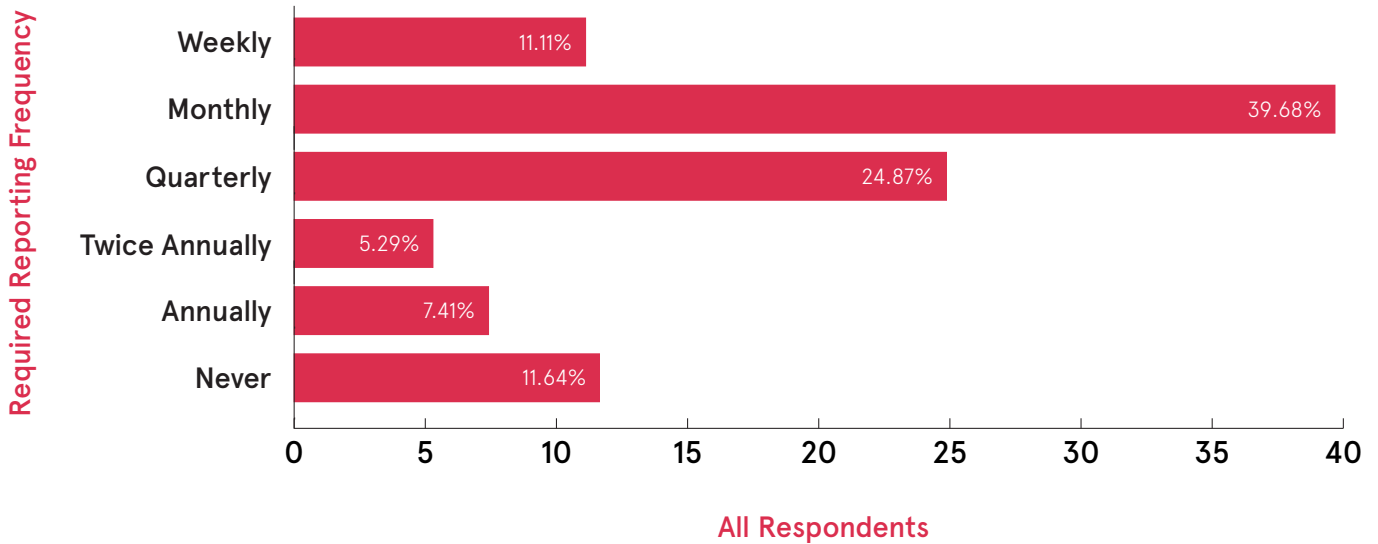
**“The issue likely stems from poor project management functionality. The research shows that most procurement teams don’t have a system to manage their own performance, let alone collaborate with peers,”**

**– Pierre Laprée, Chief Product Officer at SpendHQ**

What’s more, most C-suite executives overestimate how much their teams collaborate. For example, 83% of the C-suite believes that procurement regularly or often collaborates with Finance, when in reality, practitioners put that number at 63%. This disparity further supports the notion that C-suite executives would benefit from more visibility into and alignment with procurement teams and their relationships with stakeholder business units.

# Procurement's Next Step Challenge: Scaling from Good to Great

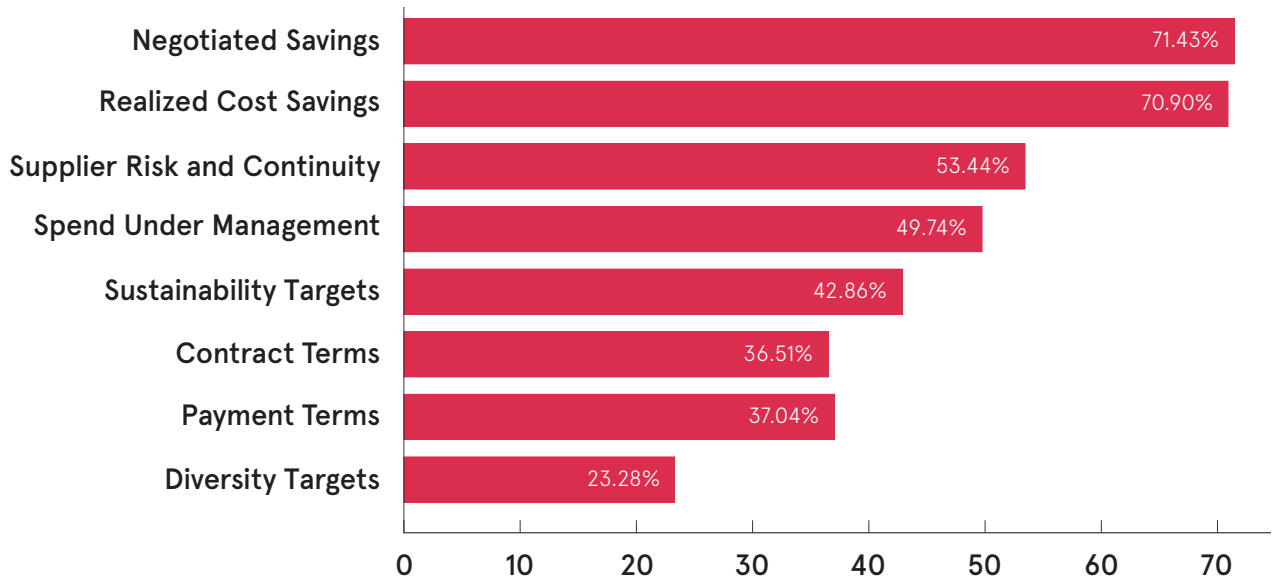
Roughly 75% of the procurement teams surveyed report performance results at least quarterly, with a plurality reporting monthly – a strong and positive finding. While the majority of all procurement teams (63%) present their performance directly to executive leadership, 14% now report to their board of directors – a big step up that shows the growing importance and criticality of the function.



Procurement reports on what it is best known for – savings. Indeed, the top two KPIs procurement teams currently report are negotiated savings (71%) and realised cost savings (71%), regardless of the respondent’s company size or geographic location. Supplier risk and continuity come in at just 53%, which is somewhat surprising given the criticality of

supplier viability and the security of supply for business continuity. Despite the regular and growing drumbeat on ESG initiatives, including hitting sustainability and supplier diversity targets, only 43% of teams report sustainability KPIs to senior management while only 23% report on supplier diversity.

KPIs Currently Reported to Senior Management



All Respondents

## Procurement's Enduring (and Creeping) Big Data Problem

Despite procurement's criticality and growing influence within organisations, immature processes, insufficient technology adoption, and low data confidence continue to hinder teams. As a result, procurement and its stakeholders report comparably low confidence in the accuracy of procurement data, along with the decisions they make and the performance metrics they present.

Only 28% of all respondents are confident in the accuracy of the data they present. That's an alarming finding -- likely driven by a lack of systems, technology, and process. The result: the data can't be trusted to get an accurate read on performance.

**Roughly 75% of all respondents lack the capability to refresh their procurement data daily or in real-time.** In other words: Most procurement teams are flying blind and relying on "expired" data to navigate day-to-day decisions.

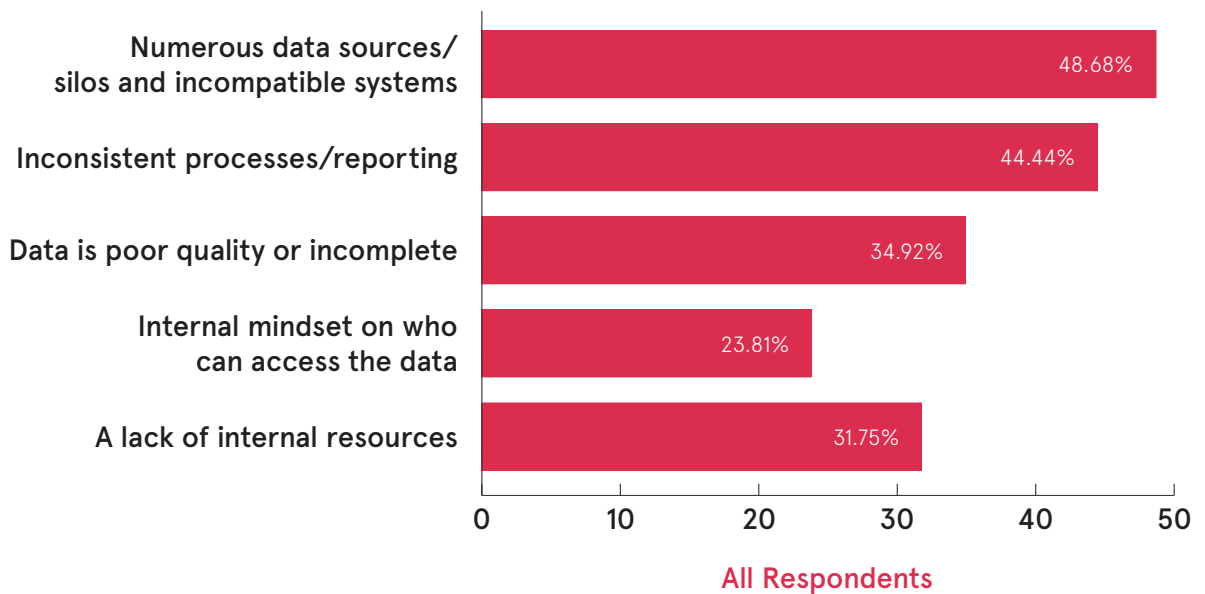
"[With Procurement Performance Management (PPM)], we've closed the loop between procurement and finance, where in the past, a lot of things would fall through the cracks."

- Abraham Saxionis,  
Chief Procurement Officer, Keolis

Procurement's data and data-confidence problems go beyond its four walls, with 79% of non-procurement executives reporting some or no confidence in procurement's data to make strategic business decisions.

- Although 21% are confident enough to make decisions based on their data, 79% are either only somewhat confident (they use the data as indicators, but don't fully trust it to make strategic decisions), or lack any confidence in the data and don't use it to make strategic decisions.
- 66% of procurement teams surveyed receive pushback from Finance on data trust, auditability, and transparency – a comparable finding across company size, geographies, and job roles.

Barriers preventing visibility into total spend



The problem starts with technology and analytics strategy. Nearly half of companies report having too many data sources, data silos, and incompatible systems (49%). Another 44% report inconsistent processes and reporting as a key barrier to gaining total spend visibility.

Procurement's data problem can be seen across companies of all sizes, but not uniformly. Large organizations struggle with having numerous data sources or silos, and incompatible systems more than small or midsize enterprises (SMEs) (54% vs. 43%). Additionally, more SMEs are challenged, or extremely challenged, by a lack of resources than larger organisations (34% vs. 26%).



**“To meet our spend visibility needs, we needed a solution with a fast data refresh, highly accurate categorisation, and an easy-to-use interface.”**

**- Dan Brogan, Chief Procurement Officer, GCI**

Procurement's data woes also impede its ability to drive supplier diversity, sustainability, and other ESG initiatives. The top three hindrances to procurement being able to carry out its ESG mandate are:

- 1. Companies don't have enough data on ESG and diversity (46%)**
- 2. Their data is disconnected from sourcing and spend decisions (39%)**
- 3. They lack action plans for using the ESG data they collect to improve outcomes (39%)**

Until procurement solves its big data challenges inside its four walls, it will be less effective in driving ESG initiatives, a key (and growing) procurement performance indicator.

Despite the lack of technology enablers, such as procurement performance management systems, most procurement teams believe they're either very agile (25%) or flexible (38%) when it comes to aligning procurement resources with evolving priorities. Procurement teams are also confident in their ability to respond to market shifts and challenges -- perhaps too confident, given the lack of timeliness, visibility, and trust they and their stakeholders have in their data.

## Procurement Performance Under The Microscope

As procurement's performance becomes more visible within organizations, teams need to do more to build and maintain influence, including getting better at what they do. Just under half our respondents have a plan to improve and know where they are going, while the other half struggle to set clear goals and embark on the improvement journey.

Large organisations have a leg up on SMEs for continuous performance improvement (57% vs. 42%). What's more: 24% of SMEs are just now planning a transformation journey or have none, compared to just 10% of larger organisations.

60%

procurement teams concede their performance could be better

>50%

respondents struggle to embark on the improvement journey

Most procurement teams (60%) concede their performance could be better.

- Twenty-nine percent (29%) say they're average – they have a sub-optimal approach for consolidating separate project tracking and reporting on a periodic basis.
- Another 14% say they're poor or non-existent – they're highly fragmented, decentralised, and inconsistent in their planning, tracking, and reporting.
- Larger organisations tend to fare better here, with 66% reporting either excellent or good project management capabilities – but 26% still report average capabilities.



## Procurement Performance Management Solutions – Critical Performance Enablers at a Critical Time

Most procurement teams lack dedicated software to track and manage their own performance. For example, just 16% of procurement professionals surveyed said they have project management tools to drive procurement projects forward. Those weren't the only tools they lacked (see chart below).

Only 21% of procurement teams have adopted dedicated procurement performance management tools to enhance their own performance reporting and project management capabilities. **Seventy-four percent of teams still use spreadsheets to track performance indicators and metrics**, while 48% use workplace productivity tools and shared drives, and 46% use procure-to-pay, source-to-pay, or ERP solutions. Small and midsize enterprises tend to use digital tools less frequently than larger organisations, owing perhaps to smaller budgets and fewer resources.

“Finance, sales, marketing, operations... every other department has technology to manage projects, data and performance. Yet procurement still operates out of spreadsheets. The ability to see and understand your data and actively manage initiatives, in a single platform, is table stakes for making smart decisions, confidently measuring impact, and creating more value.”

– Scott Macfee, CEO at SpendHQ

Tools used to track and manage procurement performance	All Companies	<\$1B	\$1B>
Spreadsheets and/or desktop tools	73.54%	77.23%	72.50%
Workplace productivity tools or shared drives	48.15%	43.56%	56.25%
Other Procure-to-Pay/Source-to-Pay/ERP suite reporting	46.03%	39.60%	55.00%
E-sourcing tool	32.28%	26.73%	40.00%
Home-grown/company bespoke systems	20.63%	18.81%	22.50%
Generic project management tool (Asana, Monday, etc.)	15.87%	15.84%	16.25%
Specific software for Procurement Performance Management	20.63%	14.85%	28.75%
Nothing	4.76%	3.96%	2.50%
Other (please specify)	3.17%	1.98%	5.00%

The good news: There's vast growth potential for the 80% of teams that have not adopted PPM solutions, which equip procurement teams to track, manage, and boost their performance. Greater technology investment, especially in PPM solutions, can provide procurement teams with the tools they need

to gain greater visibility, oversight, and control over projects and initiatives, and more effectively drive their own performance. Greater procurement performance, in turn, can transform the business function from a cost center to a highly visible and influential value driver.

# The Next Frontier Requires Better Data and Smarter Management

Everything comes back to your data.

Is it fresh and accurate? Do you -- and your key stakeholders -- trust it to make business-critical decisions? And when those decisions are made, do you have the means to oversee their implementation and performance, consistently and effectively, to deliver more value?

Reaching the next frontier of procurement performance requires saying "yes" to the above questions.

It's not an easy task, especially for teams that lack enabling technology. However, reaching 'yes' is absolutely critical to maintain and grow the influence procurement has garnered, and accelerate performance in tough and growth markets alike.

**"Having information on spend at the right time, in the right format, enhances discussion with stakeholders and builds on that collaboration that I want to stress with my team. And now we get to be trusted since we're looking at common sets of data."**

**- Dave Stowe, Senior Director of Procurement, Horizon Therapeutics**

## For more insights on how to make it happen...

Investing in dedicated spend analytics and PPM solutions are a critical part of the process. These solutions can help procurement teams solve their enduring data problems by automatically pulling spend, supplier, ESG, and category data into one central hub and facilitating faster, more efficient and confident decision making. They can also enable procurement teams to centralise all their projects to provide oversight and control of these projects and shepherd them through to completion. Moreover, PPM solutions enable procurement teams to track, monitor, and report on their progress to all stakeholders – the board, C-suite, peer leaders and business functions – to increase their teams' visibility and demonstrate their growing impact across the organisation.

# Survey Demographics

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SpendHQ and Procurious surveyed 181 procurement professionals across various levels of Procurement leadership including CPOs, plus CFOs and CEOs from all over the world. Companies represented include small and mid-sized enterprises (those with revenues totaling less than \$1 billion annually) along with large organisations (those with revenues exceeding \$1 billion annually).

## About SpendHQ

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**SpendHQ** is the leading best-in-class provider of enterprise Spend Intelligence and Procurement Performance Management solutions. These products fill a critical strategic management gap in the solution landscape, by producing actionable spend insights that drive new initiatives, goals, and clear measurement of Procurement's overall value to the business. Backed by nearly 20 years of procurement expertise and delivered to 450+ global customers and growing, SpendHQ's solutions give businesses the rapid, accurate spend intelligence and performance optimization needed to drive better financial and non-financial outcomes, advance procurement maturity, and demonstrate impact with data.

## About Procurious

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**Procurious** is an online business network for the new generation of procurement and supply chain professionals. Join Procurious if you want to:

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- Build your personal brand
- Advance your career
- Network with peers, thought leaders and decision makers
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