



The role of Procurement in the development of “Sustainability”

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Januar 2023

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## Research

“Sustainability” is widely defined as one of the most important topics in 2023 for business. Where is Procurement on all of this? Considering the large impact of the supply chain on the “Sustainability” of the realised “customer value” the role of Procurement could be serious. But is this true? This survey tries to provide clarity about the state of affairs. How important is “Sustainability” for the organisation and for Procurement? What’s the impact of “Sustainability” on Procurement and how important is this topic for Procurement professionals personally? What are according to Directors/Managers Procurement the drivers and bottlenecks to be successful with “Sustainability”?

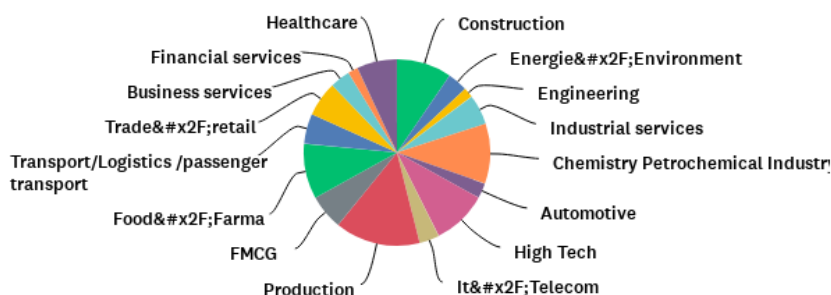
Di-Mens has conducted this research among over 1000 directors/managers Procurement in the private area in the Netherlands. Besides some qualification questions regarding spend and sector, the respondents have answered 14 questions.

Ultimately 148 respondents have participated, indicating a response of over 14%.

We think that this benchmark will support the director/manager procurement in developing the next steps to come to the best contribution of Procurement to sustainability.

## Respondents

V1 whatever sector you work in?



This graph shows how the respondents are divided over the various sectors. Because not all sectors have generated enough results, we link the survey results to clustered sectors and mention differences in case of substantial deviations.

We've defined the following clusters of sectors:

Cluster 1 **Project-based Industrial**; Construction, Engineering, Industrial Services;

Cluster 2 **Capital intensive Services**; Energy/Environment, (Petro)chemical, It/telecom, (Passenger)transport/logistics, Healthcare;

Cluster 3 **Supply chain**; **Automotive**, High tech, Production, FMCG, Food/Farma

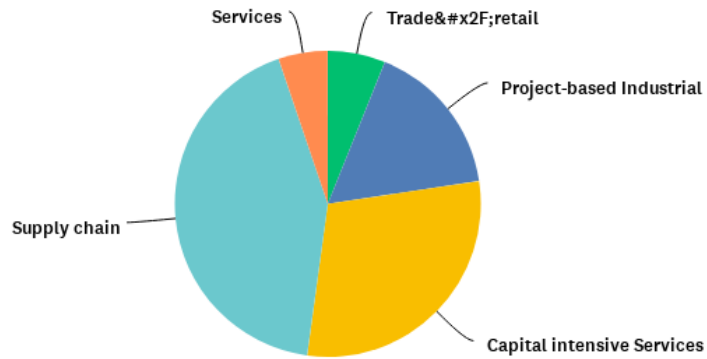
Cluster 4 **Trade**; Trade/Retail

Cluster 5 **Services** ; Corporate services, Financial services

The criterion, to what extent procurement affects the delivered goods and services of the organization, determines to what cluster a sector belongs. This has been distracted from the spend allocation divided over the various spend categories per sector. The more direct a spend category can be linked to the products and services delivered to the end user, the bigger the seeming impact on the results of the organization.

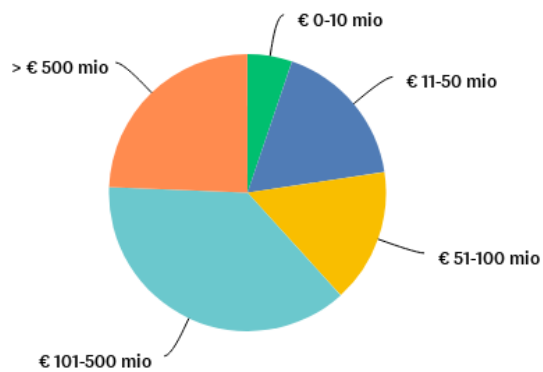
Clustering the sectors leads to the following allocation of respondents:

### V1 whatever sector you work in?



Furthermore we distinguish in the level of spend responsibility of the respondents.

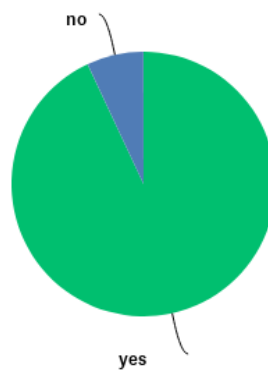
### V2 What's your spend responsibility?



## Results

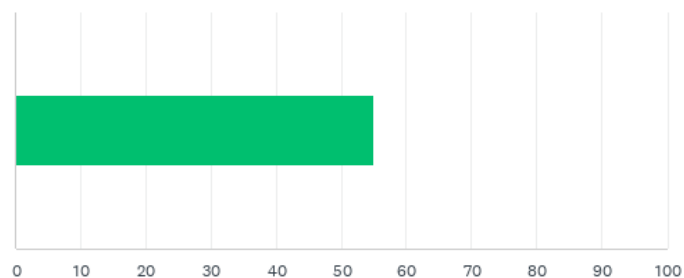
The results are the average scores of all respondents and have to be interpreted as such.

### V4 Is sustainability part of the vision and mission of the organisation?



An overwhelming score. However research shows that at least 50% of the organisations in the private area still don't mention "Sustainability" in their vision mission. It seems that mainly directors/managers from organisations where "Sustainability" is supported by the organisation have responded. Important to keep in mind when analysing the results of this research.

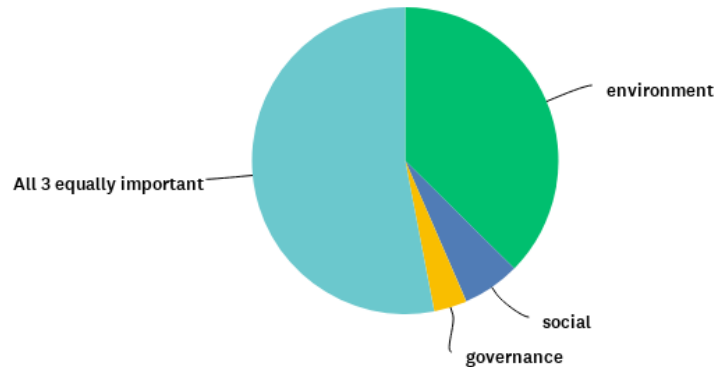
### V5 To what extent is the organisation able to translate sustainability into customer value?



There is some work to do knowing that realising customer value is the core business of every organisation. It could be helpful in the development of "Sustainability" when the score is

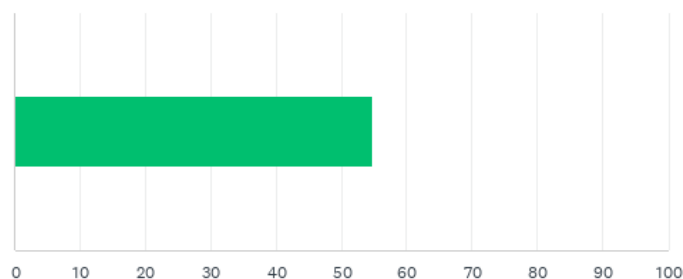
higher than 5.5. Organisations with a spend of € 0-10 mio have the greatest difficulty with a score of 2,8.

V6 Within sustainability what's the main topic for your organisation?



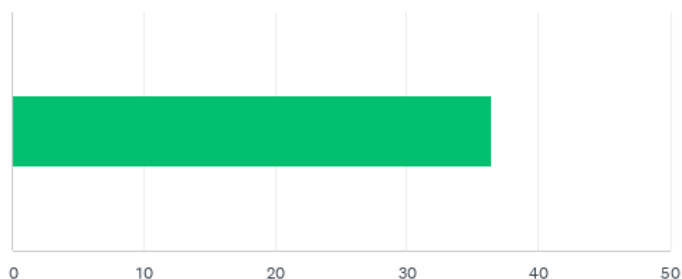
With the majority “Sustainability” isn’t limited to 1 aspect of “Sustainability”, mentioning that “environment” gets the most attention. In the clustered sector “Capital intensive services” most respondents indicates they go for “environment” instead of all 3 areas of attention.

V7 To what extend is sustainability a mature topic within the Procurement strategy?



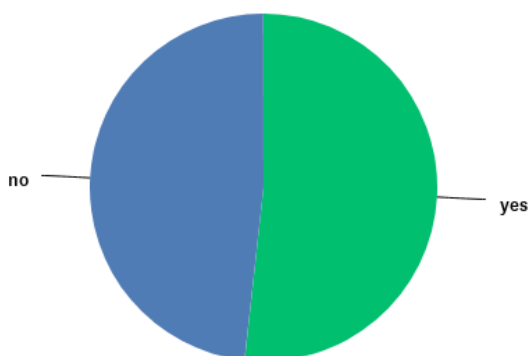
With a score of 5,6 just enough. Organisations with a spend of € 0-10 mio score the lowest on this item;3,8.

V8 To what extent will Procurement be judged on sustainability results?



A score of 3,7 suggests that the contribution of Procurement isn't taken too seriously.

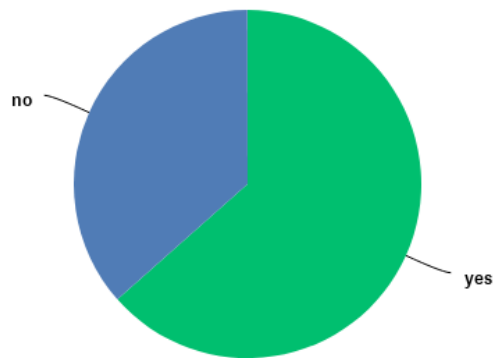
V9 Do you experience a better position of Procurement in your organisation since sustainability made its appearance?



App. 50/50; "Sustainability" has caused some movement, but Procurement has to keep it moving. Especially when suppliers play a key role in the development of "Sustainability". The largest difference is between the cluster of sectors "Trade" with a score of 29% and "Services" with a score of 67%. In organisations with a smaller spend development lags behind; € 0-10 mio a score of 0 and € 11-50 mio a score of 33%.

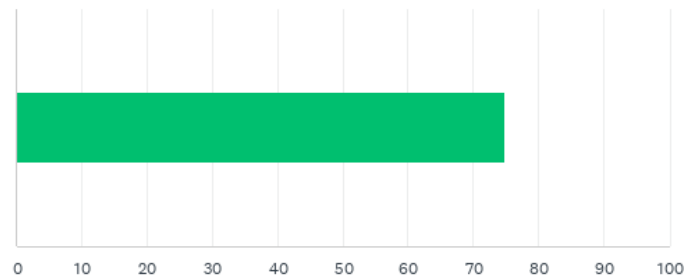


V10 Has the cooperation with the supplier market been intensified since sustainability made its first appearance?



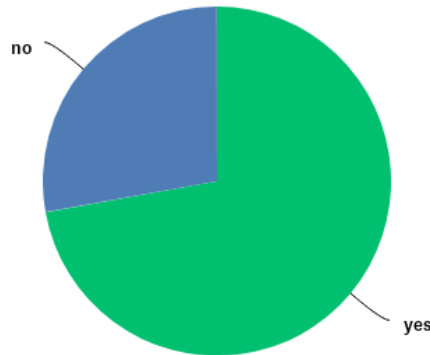
“Sustainability” seems to have a positive impact on the cooperation with suppliers according to directors/managers Procurement. The cluster of sectors “Services” has a striking score with 83%. Organisations with a higher spend score higher at this theme (70%) than organisations with a lower spend (48%).

V11 To what extend do you feel yourself intrinsic connected to sustainability?



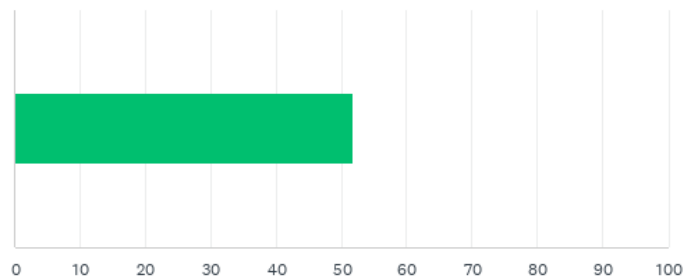
With a score of 7,6 almost good. Organisations with a spend of € 0-10 mio score with a 5,9 significantly lower.

V12 Has your job become more interesting since sustainability made its first appearance?



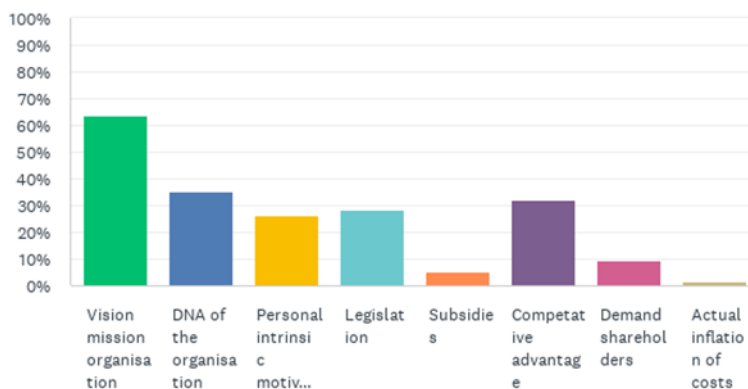
The topic “Sustainability” has a positive impact on the intrinsic motivation of directors/managers Procurement with a score of 75%. The cluster of sectors “Trade” 57% and “Services” 50% are lagging behind. Also organisations with a lower spend of € 0-10 mio recognize less that work has become more interesting with a score of 40%.

V13 To what extend are you satisfied with the contribution of Procurement to the developments of sustainability?



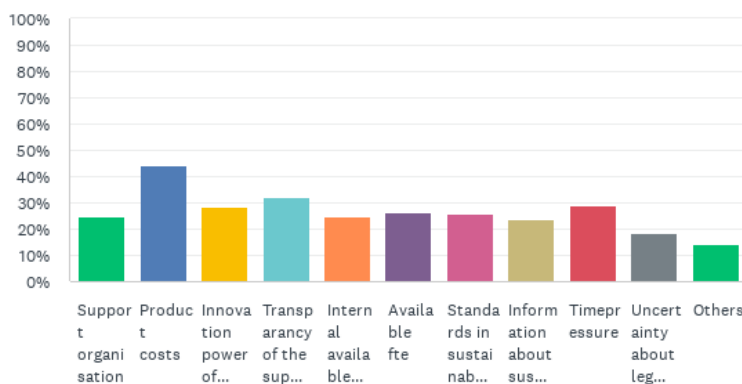
This has to be done better with a score of 5,2. Organisations with a lower spend of € 0-10 mio score substantially lower with a score of 3,1.

V14 Which of the below mentioned parameters do you consider as the 2 most important drivers for sustainability in your organisation?



“Vision & mission” and “DNA of the organisation” have been mentioned the most as drivers for the development of “Sustainability”. The internal will is more important than external factors like “Legislation” and “Competitive advantage”.

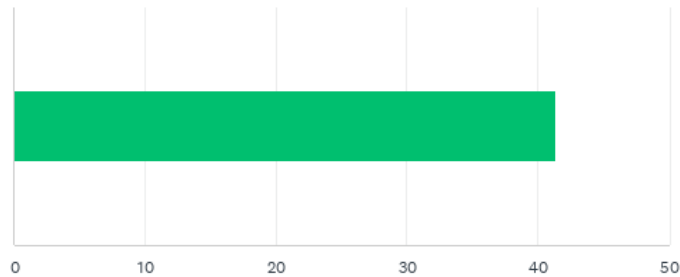
V15 Which of the below mentioned parameters do you consider as the 3 most important bottlenecks for sustainability success in your organisation?



“Costs” are called the most as bottleneck for the development of “Sustainability”. Next to this uncertainty and ambiguity seems important factors when we count the scores of “Transparency”, “Expertise availability”, “Standards”, “Information about scores of sustainability” and “Uncertainty legislation”. Other parameters that have been mentioned are “not integrated in Procurement targets”, “no global level playing field”, “Professionalism of

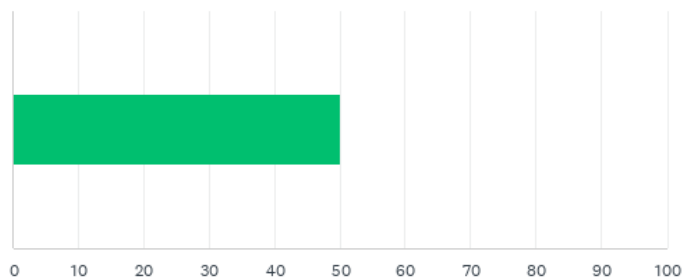
Procurement”, “Risks within the supply chain”, “Sustainability” is too big” and “The customer doesn’t want to pay”.

V16 To what extent do you use external data to judge suppliers on sustainability?



A score of 4,2 indicates that organisations rely on their own expertise, experience and judgement. When we look at the spend we see that this is stronger in smaller organisations; € 0-10 mio 2,9 than it is in larger organisations; € > 500 mio with a score of 5,6.

V17 To what extent does digitization plays a role in the judgement of the supply chain?



A score of 5,1 suggests some handicraft. Here also we see the scores rising as the spend is higher. From a score of 3,7 to a score of 6,2.

## Conclusion

Partly because just about all results we've received from respondents, mentioning that "Sustainability" is part of the mission and vision of the organisation, we can conclude that in general terms sustainability plays a limited role for Procurement or that Procurement is hardly taking part when it comes to "Sustainability".

Organisations where "Sustainability" is part of the vision mission are insufficiently able to translate the results in this area into customer value. Because of this in many cases costs are the main bottleneck for the development of "Sustainability".

Procurement participates insufficiently in the development of "Sustainability". It's insufficiently mentioned in the Procurement strategy and Procurement is hardly judged on results in "Sustainability". It's positive that we can see some movement in the position of Procurement since the introduction of "Sustainability" as a topic. The cooperation with suppliers has been intensified because of "Sustainability". In the end directors/managers Procurement are unsatisfied with the contribution of Procurement to the development of "Sustainability".

Procurement professionals think their job has become more interesting due to "Sustainability" and they feel themselves connected to the topic "Sustainability".

The most important drivers for "Sustainability" are the organisational motivation and ambition. External affairs like legislation and competitive advantage are still of secondary importance. Next to higher costs, intransparency of the market and the lack of clear guidelines are the most important bottlenecks for the development of "Sustainability".

The tools of Procurement are insufficient to judge the supply chain on "Sustainability".

In short Procurement is hardly able to sink their teeth into "Sustainability". When "Sustainability" in general isn't on top of the Procurement list of priorities we may ask ourselves what is the progression that organisations are making in "Sustainability". When suppliers are still insufficiently involved in the development of the "Sustainability" of organisations, it is still mopping with the tap open. Many framework conditions have to be realised before concrete results may be expected. Has Procurement the leadership to pull the cart? At least it's a major challenge waiting to be exploited.