

“Dynamics in the supply chain according to Procurement”

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Research

The dynamics in the supply chain determines significantly the urgency of strategic procurement. Many of today's developments take place in the supply chain of organisations providing opportunities and threats. When strategic procurement isn't an end in itself but the development of strategic procurement should keep up with the dynamics in the supply chain, it seems interesting to investigate how Procurement management is viewing these dynamics.

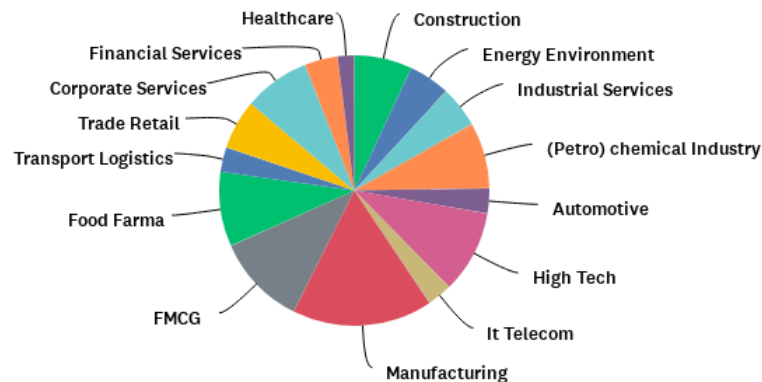
Di-Mens has conducted this research among over 1000 directors/managers Procurement in the private area in the Netherlands. Besides some qualification questions regarding spend and sector, the respondents have answered 7 questions.

Ultimately 118 respondents have participated, indicating a response of almost 12%.

A strong awareness of Procurement management with regard to the developments in the supply chain will help Procurement to strengthen their position and impact. With this, Procurement can support the organisation to respond to the developments in the world of today and tomorrow the best way.

Respondents

V1 Which industry 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

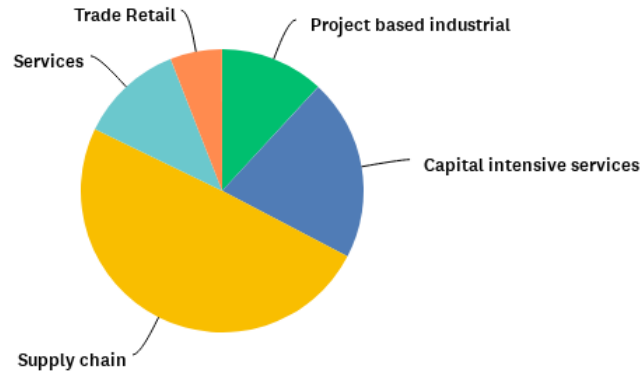
Cluster 4 Trade; Trade/Retail

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.

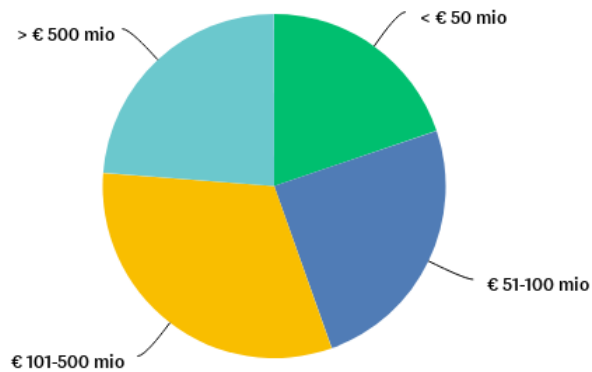
Clustering the sectors leads to the following allocation of respondents

V1 Which industry you work in



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

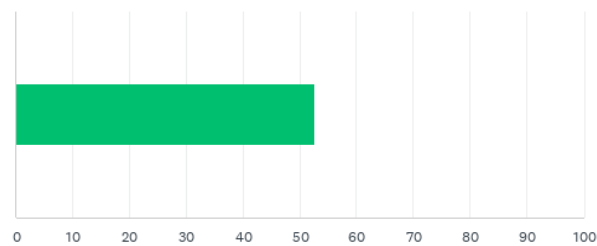
V2 What's your spend responsibility?



Results

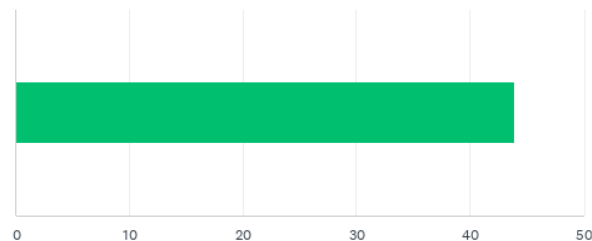
The results are the average scores of all respondents and have to be interpreted as such.

V5 To what extent are developments in the field of: blockchain, megadata, internet of things, cloud computing, artificial intelligence and robotics important to your organization



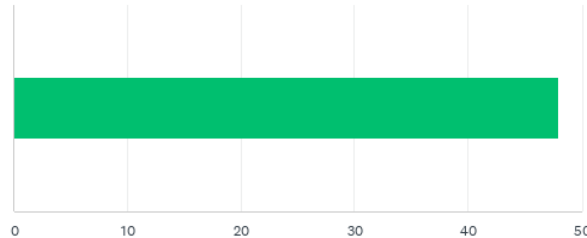
The average score is 5.2, so in general the mentioned developments are seen as not important. The cluster “Services” scores significantly higher; 7.0. It’s remarkable that 42% of the respondents has a score > 7.0 and therefore certainly judge these developments as important. It seems there are 2 divisions on this topic.

V6 To what extent are there new business models in the supply chain?



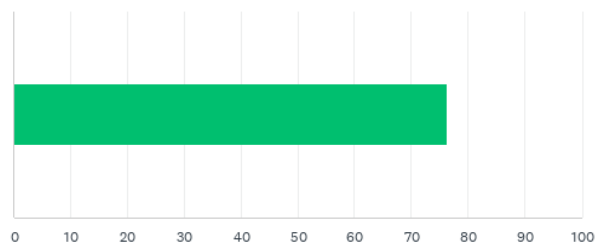
The average score of 4.4 is broad based. 27% of the respondents consider this subject as important with a score > 7.0.

V7 To what extent are there technological developments that can be regarded as a gamechanger in the supply chain



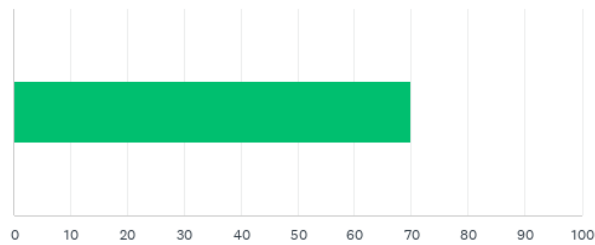
Also here not too much attention with a score of 4.8 which score is broad based among different branches and amounts of spend. Almost a quarter of the respondents disagree with a score > 7.0.

V8 To what extent are actual economic developments important for the performance of your supplierbase?



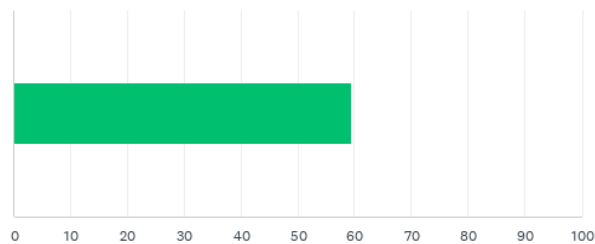
With a score of 7.7 “economic developments” are considered having the largest impact in todays procurement practice. Only 4% has a different opinion with a score lower than a 4.0.

V9 To what extent are (geo)political developments important for the performance of your supplierbase?



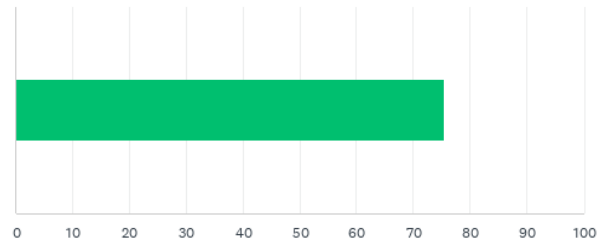
Also (geo) political developments are broadly based seen as an important factor in the supply chain, scoring 7.1. In 10% of cases the respondents have another opinion with a score < 4.0.

V10 To what extent does a changing balance of power in the supply chain impacts your position at the supplierbase?



The balance of power in the supply chain is an issue but not seen as very important with a score of 5.9. 22% doesn't think the balance of power is an issue at all, scoring lower than 4.0.

V11 To what extent is sustainability part of the organisational strategy?



Overall sustainability seems to have a solid position with a score of 7.5.

Conclusion

With an average score of 5.9 the impact on the organisation of the “dynamics in the supply chain” isn't that bad according to Procurement management in the private area in the Netherlands. Zooming in on this score it seems that mainly the actual headlines as “economic developments” and “(geo)political developments” are judged as important factors with an average score of 7.4. Remarkable is the low score of technology oriented developments scoring a 5.0. Mind you there seems to be 2 divisions in this as 35% of the respondents have another opinion with a score of > 7.0. Factors linked to forms of cooperation in the supply chain such as “the creation of new business models” and “balance of power” have an average score of 5.2. For Procurement “sustainability” is a strong motivator from the own organisation to look at the supply chain in a different way as it scores 7.5 as part of the organisation strategy.

In short generally Procurement has to do with consciously with the short term actuality and sustainability has a robust position on the agenda. Long term developments in technology and forms of cooperation in the supply chain seems still to be out of frame. However there is a serious group of precursors who look at this in a different manner.

On the principle that the dynamics in the supply chain should be normative in the development of strategic procurement and these dynamics are ubiquitous it seems that awareness is an important step in the development of strategic procurement. Not least in the interest of the best strategic decisions for the organisation in a world full of opportunities and threats.