



Experts in Business-to-Business Research

2022 FOTP QuickPulse™

Procurement Pulse Survey Executive Summary

June 2022

Who we are



Finger on the Pulse (FOTP) is a Business-to-Business market research company. We specialise in gathering feedback, on behalf of clients, from key stakeholder groups, and in particular, **Customers, Suppliers and Employees.**



We have **gained our extensive expertise** from working on research projects **across a broad range of industries** including FMCG, food production, healthcare, logistics, automotive, DIY and defence.



The insights we gain **help our clients to understand, and act on** what is most important to them and their stakeholders.



The **bespoke nature** of the projects ensures our approach is tailored for each of our clients.

2022 FOTP QuickPulse™
Procurement Survey

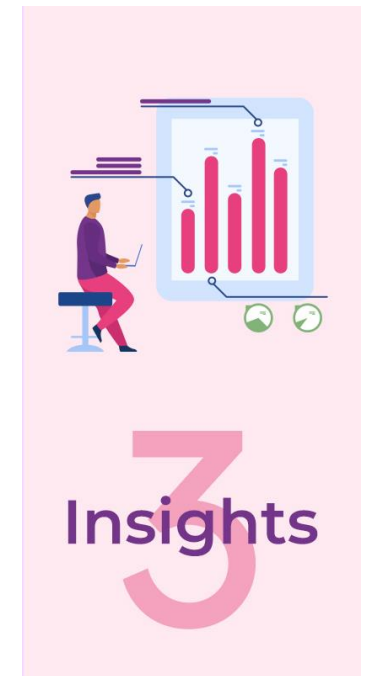
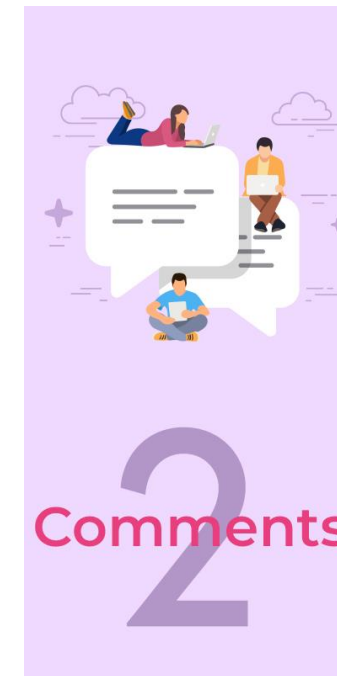
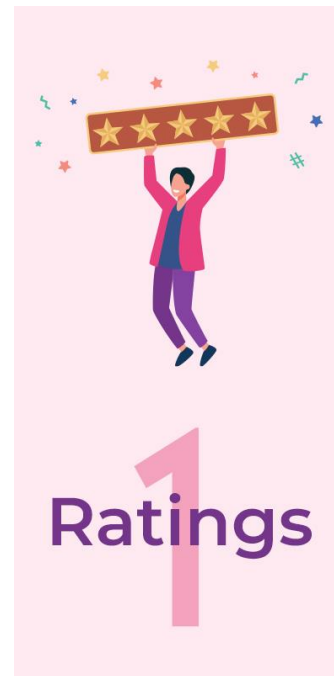
How the survey worked



Research approach

Survey Highlights:

- An online survey with a combination of ratings and open text boxes.
- Strong support for the survey with a total of 217 respondents working in Procurement (all other job functions were screened out).
- A mix of seniority across Directors/Heads of Depts, Senior & Middle Management and Coordinators/Analysts, with Middle Management being the largest segment.
- There was a strong response from Manufacturing with the second largest sector being Retail.



N.B. Field Stage Timings: 20th May - 6th June 2022.

What is included in the executive summary

Key trends and highlights

- 1 Ten key trends, based on the results
- 2 Key highlights, based on feedback from “open” text boxes

FOTP Procurement Pulse Ratings results

This is calculated by aggregating the 4 attributes below:

- Overall, thinking about your **supplier base**, has it grown or reduced, compared to **this time last year**?
- Thinking about your **supplier base** over the **next 12 months**, do you expect it to grow or reduce?
- Have your **supplier relationships become more or less collaborative**, over the last 12 months?
- Has the **role of the procurement team become more or less important** to your company, over the last 12 months?

Risk management and top procurement trends over the next 5 years

- Importance of risk management
- What measures Procurement Professionals are taking to mitigate risk
- What Procurement Teams have done particularly well to respond to challenges and disruption over the last 2 years
- Top procurement trends over the next 5 years

What is included in the full report

Please e-mail us at projects@fotpresearch.com if you would like a full copy of the full Insights Report.

Key trends and highlights

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Detailed results for areas below

- Procurement teams
- Sustainability in procurement
- Use of technology
- Communication and collaboration
- Risk management

Qualitative insights, based on the 4 open text questions below

- What do you think will be the **key attributes of successful procurement professionals over the next 5 years**?
- What is your team currently doing to **help your business achieve its sustainability goals**?
- Given the number of challenges and disruption presented to procurement teams over the last 2 years, **what have you, as a team, done particularly well to respond to these challenges**?
- In your view, what will be the **top procurement trends be over the next 5 years**?

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Procurement Survey

Key trends & highlights



Ten key trends, based on the results

- 1 There has been a **tendency to develop more collaborative supplier relationships** over the last 12 months. In addition, the **majority of Procurement Professionals are currently KPI'd to drive collaboration** with suppliers.
- 2 Focus on **collaboration and building supplier relationships** are also amongst the **4 biggest trends for the next 5 years**.
- 3 **The role of Procurement Teams has grown in importance** for the businesses. However, **lack of resources and difficulties with recruiting new talent** (which is a widely-publicised issue) are the two main factors currently disrupting smooth ways of working.
- 4 Similar to many other functions, Procurement Professionals strongly feel that **Hybrid working makes their teams most effective**. However, some respondents felt that **when negotiating with suppliers, it is more effective when conducted in person**.
- 5 Overall, Procurement Professionals feel that their **businesses have strong and effective communication both internally (inter-departmentally) and with external partners (suppliers/partners)**. However, there is **no clear evidence that suppliers feel the same way**.

Ten key trends, based on the results, Cont'd.

- 6 The **key attributes of future successful Procurement Professionals are dominated by softer skills** such as: **collaboration, flexibility and communication.**
- 7 Whilst Procurement Teams are **currently engaging with suppliers on a sustainability agenda and share their sustainability expertise**, this is **not necessarily translated in having an active Net Zero Scope 3 strategy.**
- 8 Procurement Professionals **recognise the critical importance of reducing the impact on the environment and confirm that an increased focus on sustainability will be the biggest trend in Procurement over the next 5 years.** Some Procurement Professionals believe that **digital transformation and advances will drive “greener” procurement processes.**
- 9 Overwhelmingly, **Procurement Professionals see the importance of gathering and using supplier data.** However, **applying AI and automation in procurement decisions and contract reviews is not yet widely-spread.**
- 10 **Risk management has become more important to Procurement Teams** and **finding UK-based suppliers and identifying additional suppliers as back-up or contingency**, are the two main measures currently being taken to mitigate potential risks.

Key highlights

based on feedback from “open” text boxes

What respondents said about:

- 1 Key attributes of successful procurement professionals over the next 5 years
- 2 What procurement teams are doing to help achieve sustainability goals

- 1 Thinking longer-term, the following **4 attributes** were identified as key for **successful procurement professionals of the future** (shown in order of highest mentions/significance):

- Commercial awareness
- Collaboration
- Flexibility
- Communication

- 2 The importance of **developing and reaching sustainability goals** continues to grow and Procurement Professionals play a role in supporting their businesses by:

- Focusing on recycling and waste reduction
- Choosing sustainable materials/products
- Identifying and partnering with more sustainable suppliers
- Including sustainability criteria in tenders/bids/contracts
- Performing supplier sustainability evaluations/assessments
- Actively engaging with existing suppliers on a sustainability agenda

Key highlights, Cont'd.

based on feedback from “open” text boxes

What respondents said about:

- 3 What procurement teams have done particularly well to respond to recent challenges and disruption
- 4 Top procurement trends over the next 5 years

- 3 **Teams working together, active supplier management, increased focus on communication and collaboration and sourcing new suppliers** have enabled Procurement Teams to face and effectively respond to the recent and current disruption and challenges.

Amongst other enabling factors were:

- Effective inventory management
- Risk management
- Focus on improving efficiency

- 4 When thinking **over the next 5 years**, the **biggest 4 trends** identified by Procurement Professionals were:

- Increased focus on sustainability
- Rising costs
- Technological advances (AI, automation, digitalisation)
- Focus on building relationships and increased collaboration with suppliers

2022 FOTP QuickPulse™ Procurement Survey

FOTP Pulse Ratings results

1. Overall, thinking about your **supplier base**, has it grown or reduced, compared to **this time last year**?
2. Thinking about your **supplier base** over the **next 12 months**, do you expect it to grow or reduce?
3. Have your **supplier relationships** become **more or less collaborative**, over the last 12 months?
4. Has the **role of the procurement team** become **more or less important** to your company, over the last 12 months?

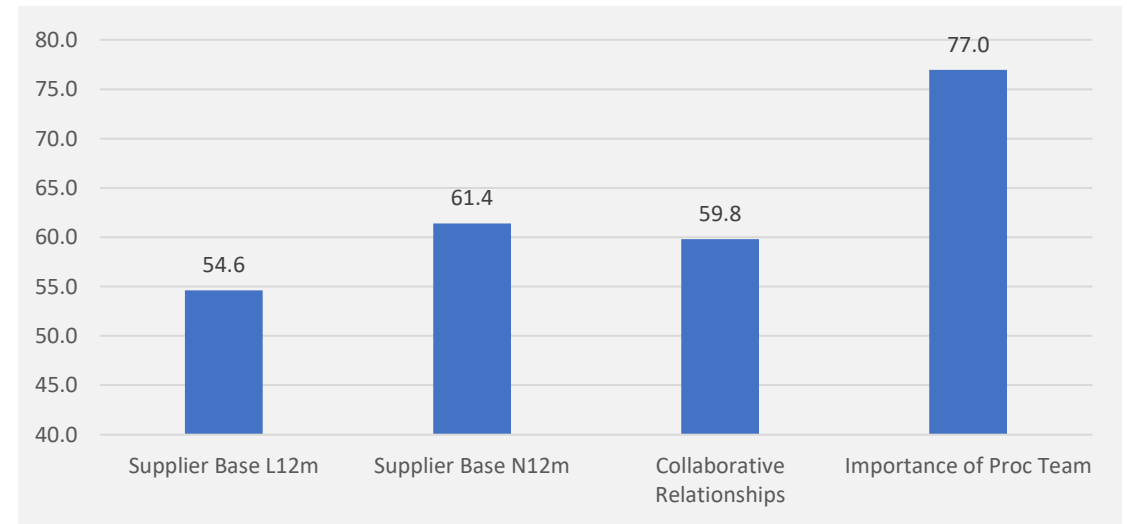
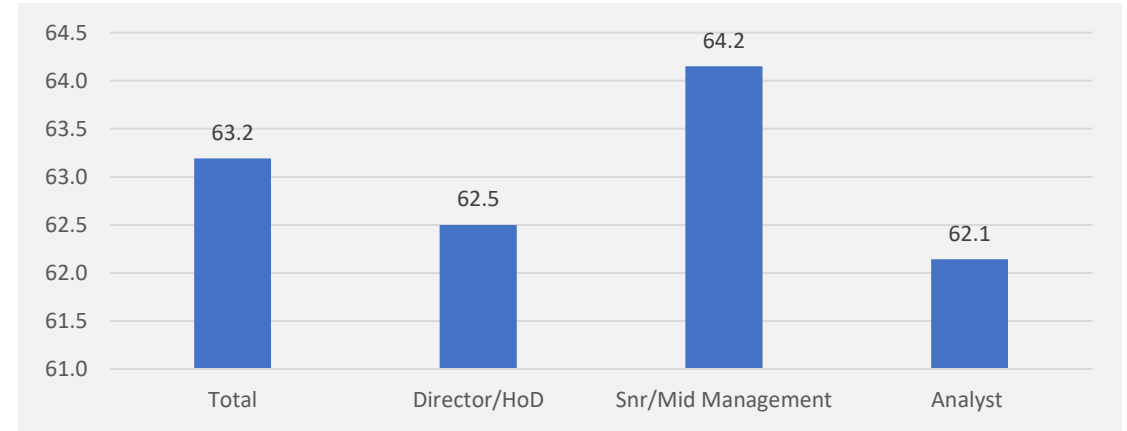


FOTP Procurement Pulse Ratings Scorecard

Segment	Pulse Rating
FOTP Procurement Pulse Rating*	63.2
Directors/Head of Dept	62.5
Senior/Middle Management	64.2
Coordinators/Analysts	62.1

*The FOTP Procurement Pulse Rating is calculated by aggregating the 4 attributes below:

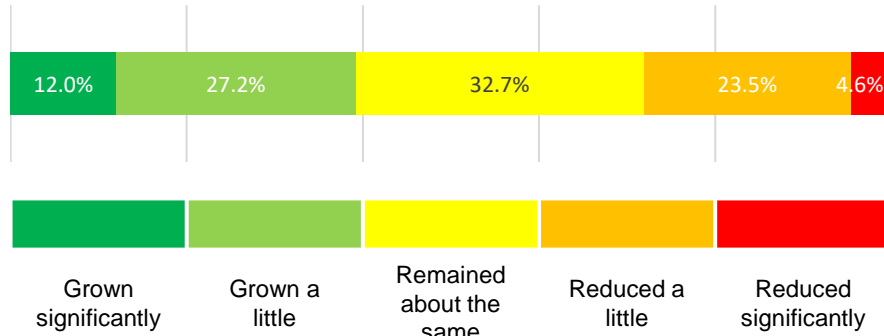
Survey Attribute	Pulse Rating
1. Supplier base (last 12 months)	54.6
2. Supplier base (next 12 months)	61.4
3. Supplier collaboration	59.8
4. Importance of procurement teams	77.0



FOTP Procurement Pulse Ratings

Breakdown of the four Pulse Rating measures

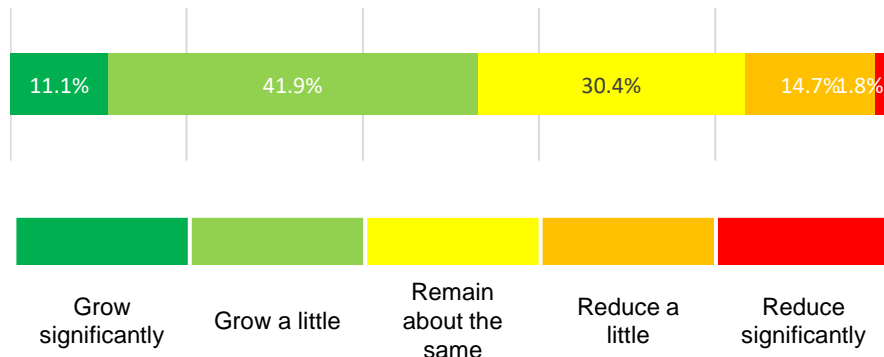
1. Overall, thinking about your **supplier base**, has it grown or reduced, compared to **this time last year**?



54.6

- On balance, Procurement Teams were slightly more likely to expand than reduce their supplier base over the last 12 months.
- This is, however, only a small difference and does not necessarily indicate confidence in the wider market.

2. Thinking about your **supplier base** over the **next 12 months**, do you expect it to grow or reduce?



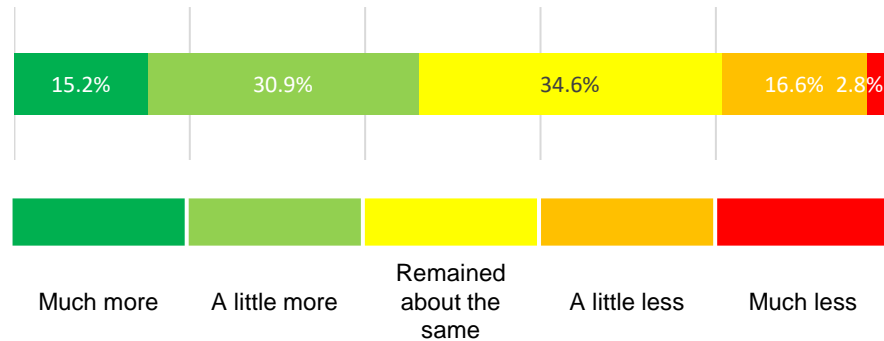
61.4

- More than half of the Procurement Professionals who took part in the survey anticipate they will be expanding their supplier base in the next 12 months.
- This suggests that there might be some optimism for growth in the future.

FOTP Procurement Pulse Rating, Cont'd.

Breakdown of the four Pulse Rating measures

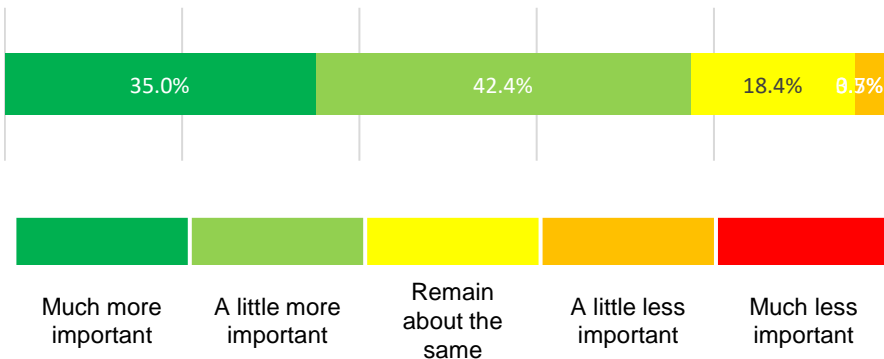
3. Have your **supplier relationships become more or less collaborative**, over the last 12 months?



59.8

- Almost half of the Procurement Professionals feel their relationships with suppliers have become more collaborative over the last 12 months.
- This suggests that customers and suppliers are working closer together to face and overcome the recent and current challenges.

4. Has the **role of the procurement team become more or less important** to your company, over the last 12 months?



77.0

- More than 75% of Procurement Professionals feel their team has become more important to their business over the last 12 months.

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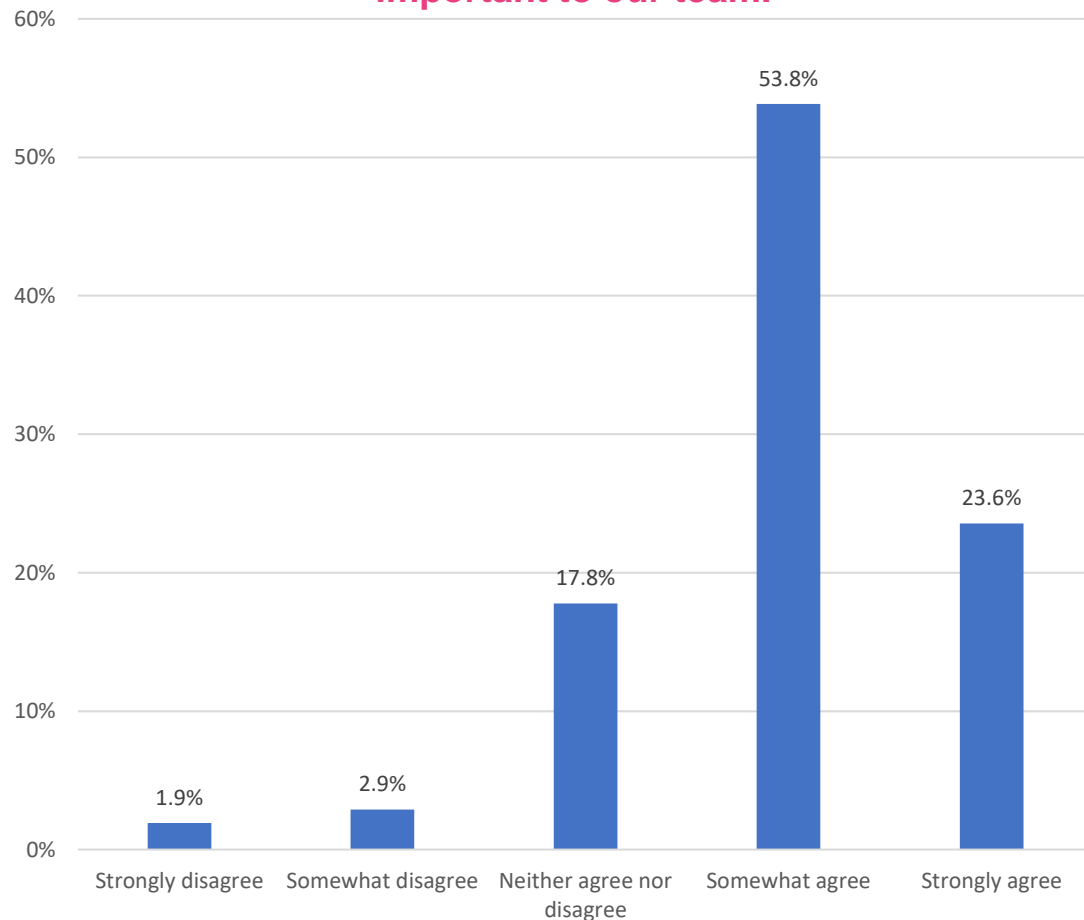
Risk management

Based on both Ratings and “Open” Text Comments



Risk management

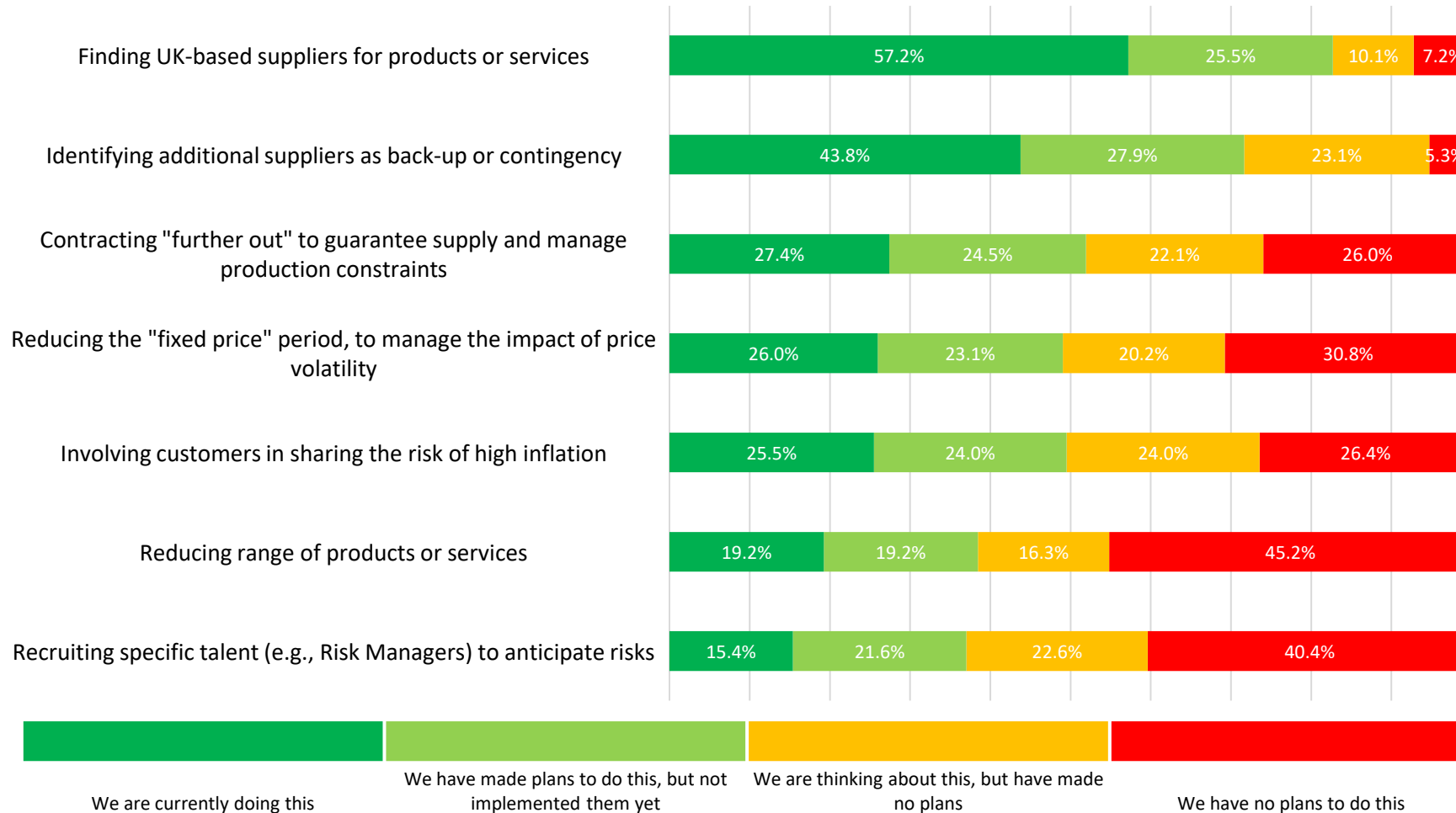
Risk management and anticipating potential challenges, that will impact our procurement strategies, has become more important to our team.



- More than 3/4 of Procurement Professionals think that risk management has become more important for their team, rising to nearly 85% for Senior and Middle managers.
- This is reflected in a number of behaviours, including the recruitment of “contingency suppliers”, with around 15% of new supplier relationships put in place to build contingency in the supply chain.
- This varies by industry and can be as high as 25% of new suppliers being signed up in sectors such as Healthcare.

Risk management, Cont'd.

Which, if any, of the following actions to mitigate potential risks, is your business taking?



- The main measure Procurement Professionals are taking to mitigate risk is finding more UK-based suppliers, with 3 in 4 either already doing this, or planning to do it.
- Recruiting specific “Risk Managers” (which is a global procurement trend) is a relatively limited measure, with just 1 in 7 businesses having recruited specific talent.

Given the number of challenges and disruption presented to procurement teams over the last 2 years, what have you, as a team, done particularly well to respond to these challenges?

Main Topics and Sentiment Analysis, Based on "Open" Text Comments



Given the number of challenges and disruption presented to procurement teams over the last 2 years, what have you, as a team, done particularly well to respond to these challenges?

Summary of the “Open Text” Comments

Teams Working Together



Worked together as a team to put more focus on sourcing the best deals/products at a competitive price.
Small business

Worked with suppliers to work more efficiently
Medium-sized business

We have just worked especially well as a team and made sure everyone in the team knows everything that is happening
Large business

Build a good team of people who are able to deal with anything
Large business

Supplier Management



Worked with suppliers to identify their key risks and contingencies
Large business

We have worked with suppliers and given them above contractual obligation increase, to ensure quality and service continuity.
Large business

Embedded operational procedures; shared supplier management duties across business; put procurement at heart of business.
Large business

Keep abreast of supplier issues and working to combat supply chain issues ahead of time
Medium-sized business

Communication & Collaboration



Communication to our business and key suppliers about the changes in the market place
Large business

Speaking to customers to see demand as early as possible
Medium-sized business

More processes, working with suppliers to understand risk mitigation and contingency plans
Large business

We have kept stock levels high and communication with suppliers consistent so that we know in advance if something is going to affect our goods
Medium-sized business

Sourcing New Suppliers



Flexibility with workers, outsourcing more suppliers, renegotiate packages, offer client other alternatives
Medium-sized business

Securing new dual supply suppliers to continue production
Small business

Anticipated changes to the supply chain and diversified our supplier list to manage this
Large business

Sourcing alternative products and suppliers, putting mitigation plans in place
Large business

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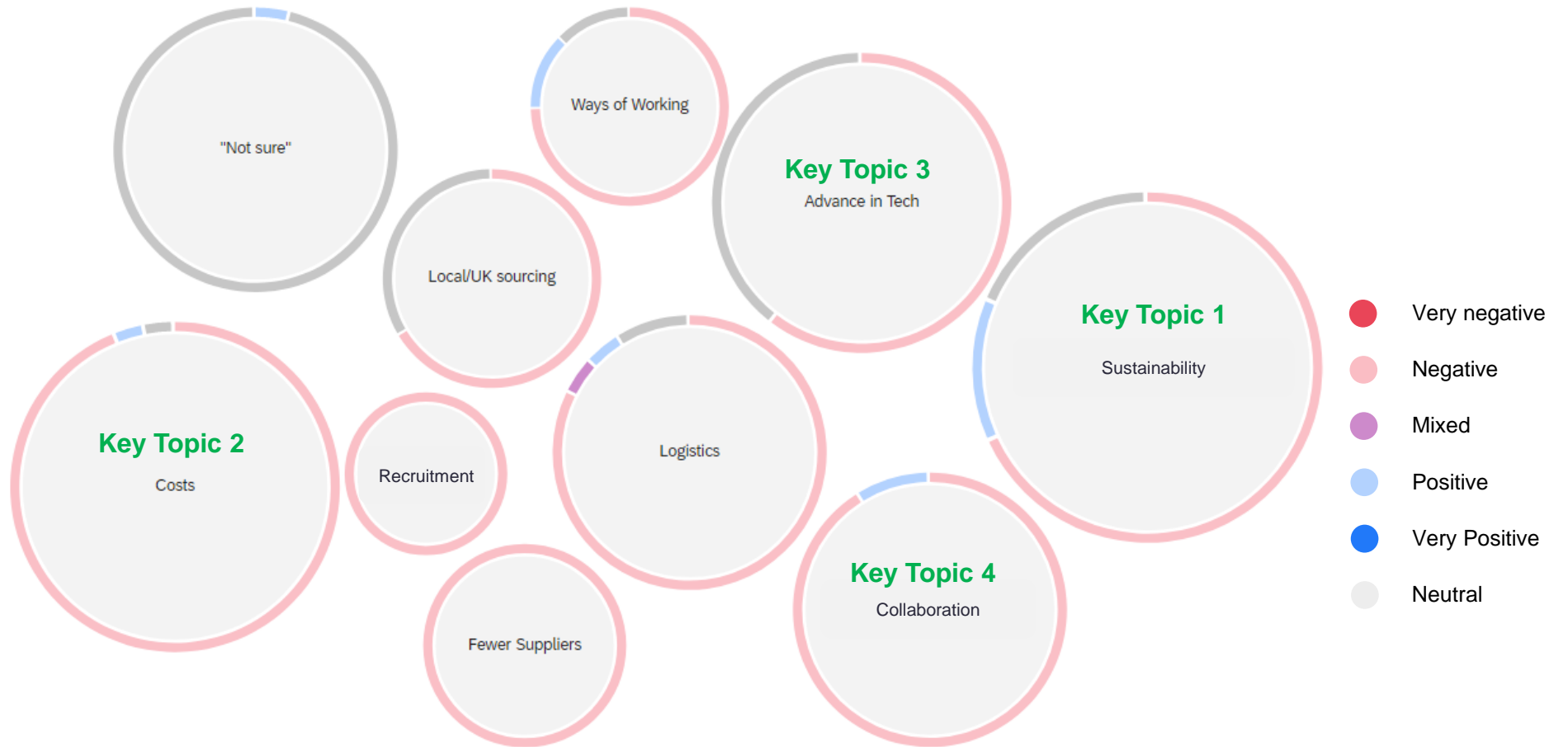
Top procurement trends over the next 5 years

Based on “Open” Text Comments



In your view, what will be the top procurement trends be over the next 5 years?

Main Topics and Sentiment Analysis, Based on "Open" Text Comments



In your view, what will be the top procurement trends be over the next 5 years?

Summary of the “Open Text” Comments

Sustainability



In the coming years there will be a greater emphasis on sustainability and ‘Green’ products.

Environmental considerations will become a large factor when choosing suppliers and products for any industry.

Medium Sized Business

I believe some suppliers in certain markets will [go out of business] as they are unable to invest to meet carbon reduction targets which in turn will lead to higher costs..

Large business

Costs



Materials will be harder to source and keep increasing in price

Medium-sized business

We are increasingly needing approval from Executive for big purchases. Closely monitored budget

Large business

Costs will go up and choice between competitors will be more led by lead times than cost

Medium-sized business

Advance in tech



Human and AI partnership, automation and digitalisation are key for efficiencies and removing the amount of admin needed to make better, quicker decisions. However, this needs to be paired with human relationships and knowledge of end-to-end supply chain, not just internally but from raw material to customer. This not only helps us have empathy, but also build partnerships to drive all businesses forward.

Large business

Increased use of software in tender and supplier management..

Large business

Collaboration



Collaborations, strategic partnerships and risk sharing

Large business

Hybrid working will continue but there is no substitute to building relationships by meeting people and spending time with them, especially when spending time at their production facilities to understand their product and culture

Large business

Greater collaboration, shared risk/cost between supplier and customer.

Large business

Thank you

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