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AEP 2019

Assessment of Excellence
in Procurement



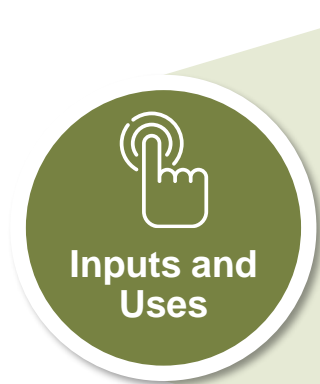
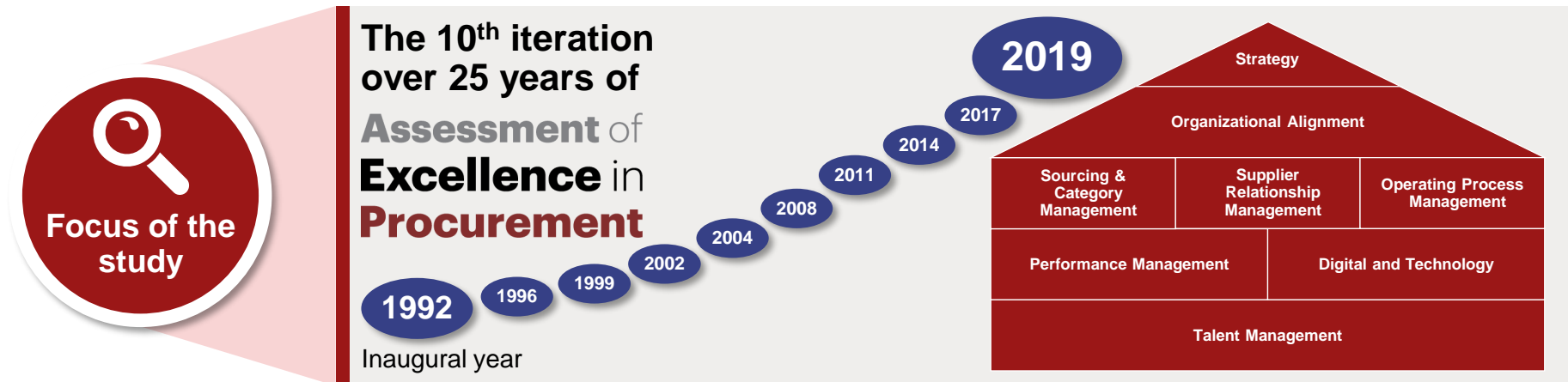
Pittsburgh Chemical Day

Excellence in Procurement

Study Highlights
October 1, 2019

AEP is the most globally recognized approach for procurement organizations to compare and improve their capabilities

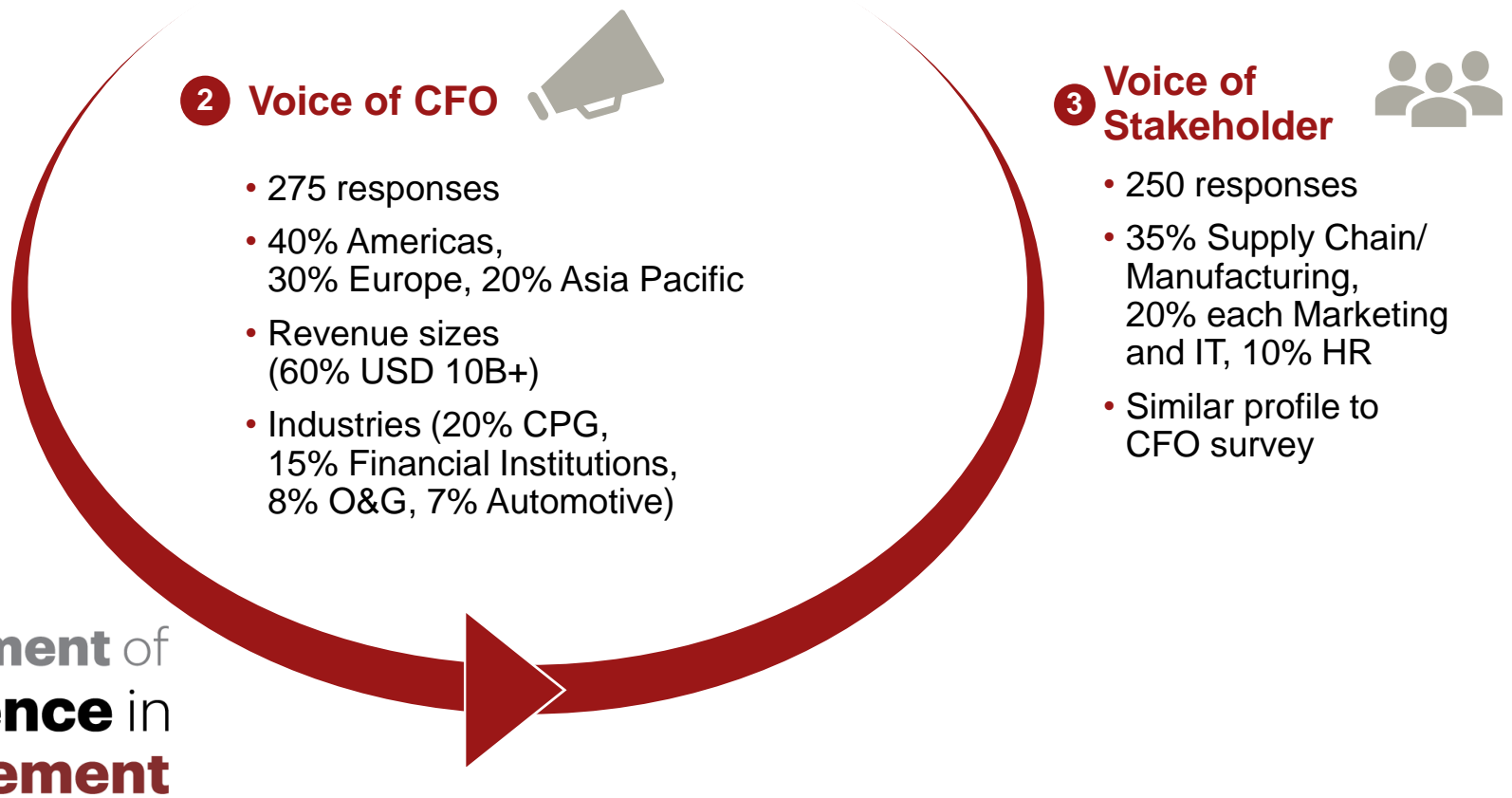
Assessment of Excellence in Procurement (AEP) snapshot



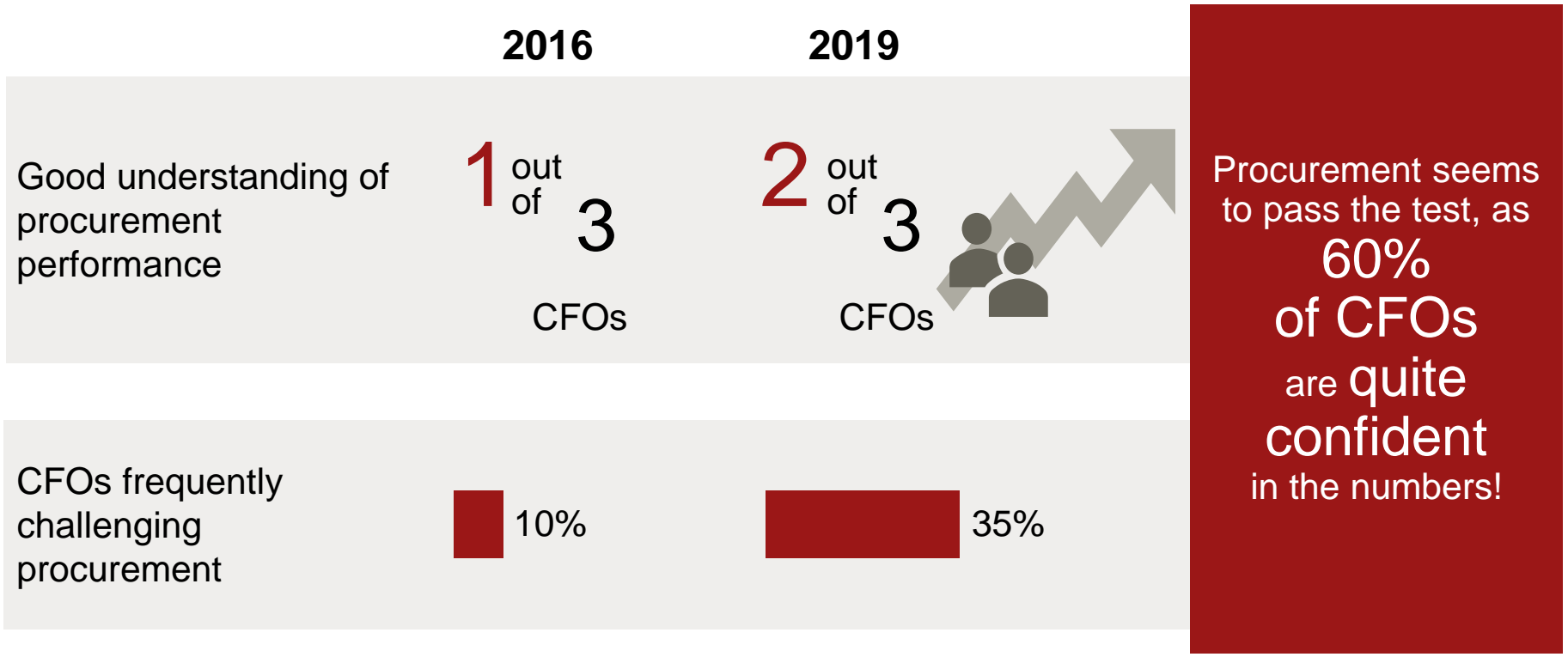
- 2019 AEP study is the **tenth in the series that began in 1992**
- Gauges performance across **House of Purchasing and SupplySM** (8 areas, 60 practices)
- Evaluates interest and impact in **digital** and hot topics such as **AI, Blockchain, Machine Learning**
- **More than 2,500 companies** have participated in AEP series to date – many multiple times
- Ranks company’s performance and provides insights on key improvement areas via a **tailored feedback report**

Plus, surveys targeting the CFO and key stakeholders provide a 360-view of Procurement

Data Sources



CFO's understanding of procurement has significantly improved



However, there is a significant gap between Leaders and Others – 90% Leaders measure and report Internal Customer Satisfaction – vs. only 20% of Others

Procurement finally has a seat at the table ...

Procurement

All Leaders and
75%
of Others



Feel procurement is viewed as an
equal partner

Finance & Stakeholders

more
than **50%**



View procurement as a
transactional function for negotiating
hard savings

... however, there is still ample room for Procurement professionals to meet expectations of their stakeholders



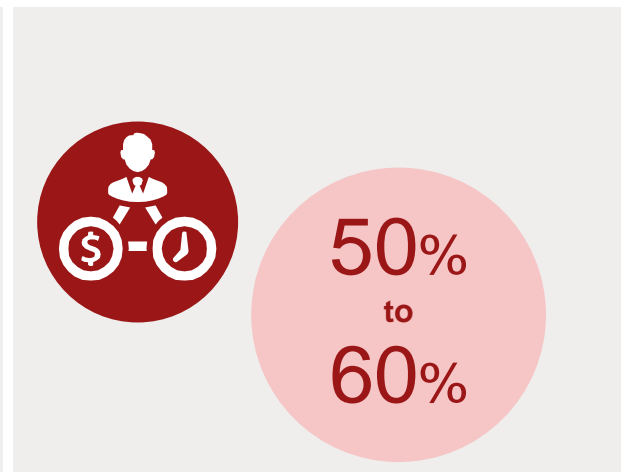
Stakeholders assess Procurement expertise as emerging or basic



of stakeholders report a **solid understanding of internal business requirements**



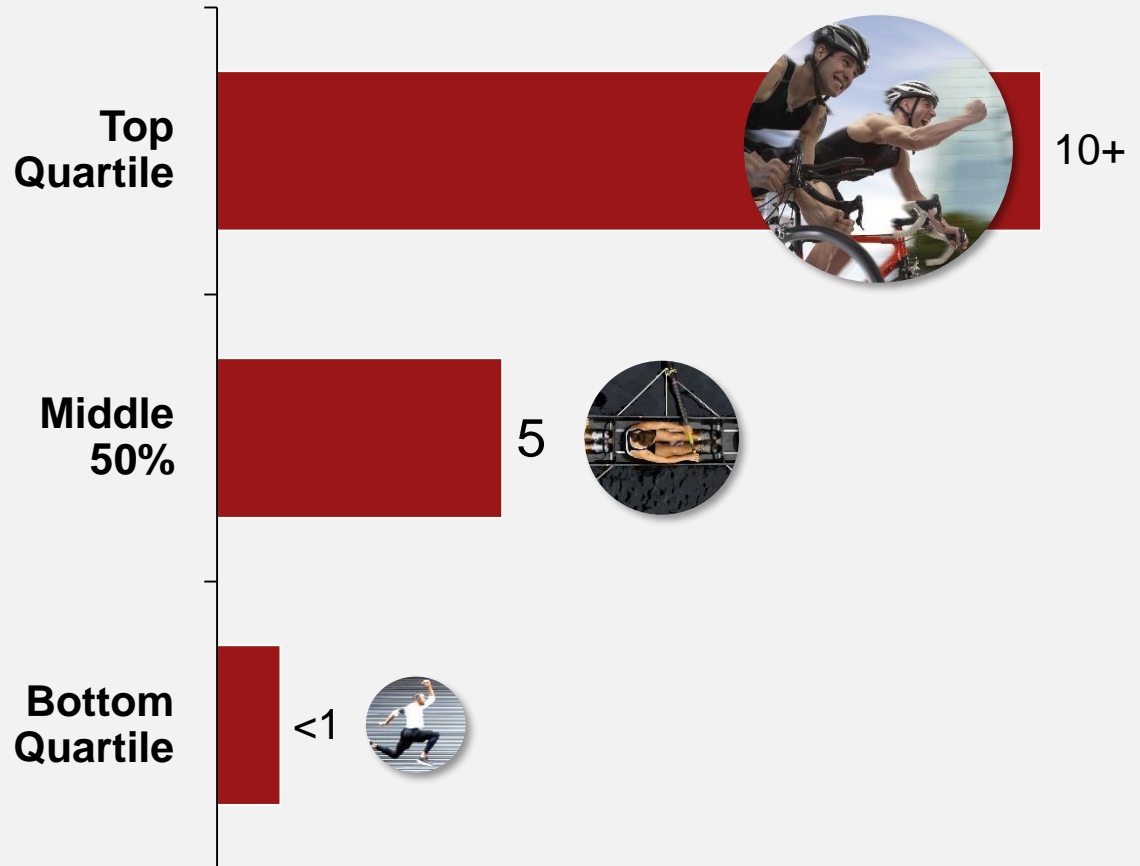
marketing and HR stakeholders feel that procurement has only basic understanding of business requirements



Only 50-60% stakeholders say solid understanding of external supply market

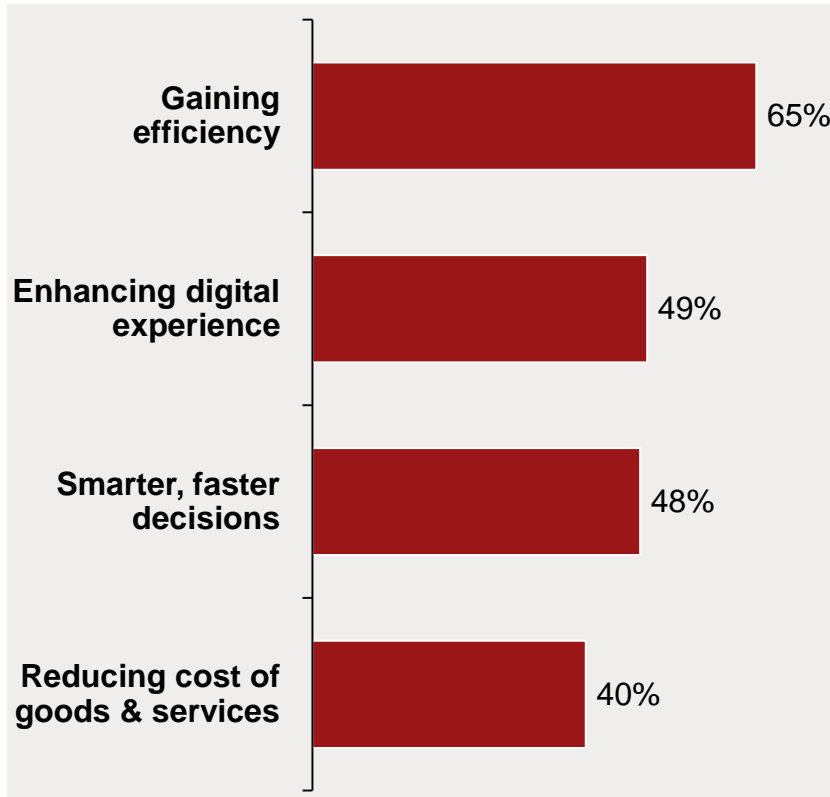
Leaders get a lot more out of their assets

Leaders get
2-3X
higher
Return
on Supply
Management
Assets
(ROSMASM)

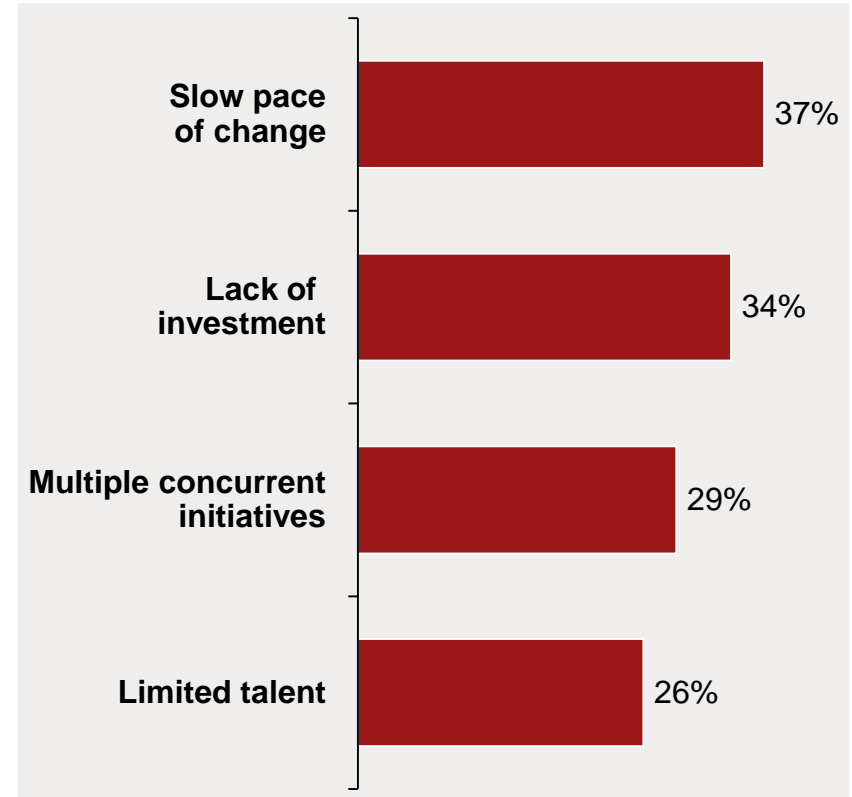


Digital investment – Expectations and Challenges

Expected Impact of Digital Investment
(% selecting high impact)



Key Challenges
(% selecting high barrier)



Leaders are a talent magnet

“Be a Talent Magnet!”



80%

of Leaders have **proactive recruiting strategies** (internal and external)
– Others are predominantly reactive...



All
leaders

have **formal mentoring process** and
culture of recognition and celebration
– vs. only 1 in 3 Others...



90%

of Leaders have high impact, sustainable
capability building program
– vs. only 1 in 20 Others

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