

The Procurement Initiative

CPO Strategic Research Report

“Evaluating Procurement Maturity”



In association with



University of St.Gallen

Institute of Supply Chain Management



Executive Summary

As procurement faces economic uncertainty, supply chain complexity, and strategic transformation, understanding maturity levels is more critical than ever. This thematic research paper evaluates procurement capabilities using a proven maturity framework, assessing strategy, internal integration, organisational status, and skills development.

Drawing on insights from **The Procurement Initiative**, this study identifies key barriers to progression and enablers of transformation, offering practical recommendations for procurement leaders. It classifies procurement functions into maturity clusters—from "Undeveloped" to "Strategic"—and analyses their impact on supplier relationships, financial performance, and operational success.

By unpacking the evidence, this paper equips CPOs with clear insights to advance procurement maturity and align their function with broader business goals.



In association with **H&Z**

**Procurement
Initiative**

Maturity Assessment of Purchasing Functions

Objective

We assessed the maturity levels of purchasing functions across organizations. The assessment is based on a well-established academic framework (Cousins et al., 2006) and extends it with new empirical insights from our Procurement Initiative panel.

Methodology

A structured survey was conducted among procurement professionals between Dec 16 – 20, 2024. The study examines four key drivers of purchasing maturity: Strategic planning, Purchasing status, Internal integration, and Purchasing skills. We analysed the impact of these factors on supplier integration, supplier relationship outcomes, production performance, and financial performance. A cluster analysis was performed to categorise companies into four maturity levels.

Results

The cluster analysis recommends a four-cluster solution, labeled as Bomb (low maturity), Undeveloped (below average maturity), Capable (above average maturity), and Strategic (high maturity).

Four variables were expected to influence purchasing configurations: strategic planning, purchasing status, internal integration & skill development

MATURITY ASSESSMENT

Construct	Construct measurement items	
 Strategic planning	<p>To what extent do you agree with the following statements about purchasing's level of involvement in strategic planning within your firm?</p>	<ul style="list-style-type: none"> ▪ Purchasing is included in the firm's long strategic planning process ▪ Purchasing performance is measured in terms of its contributions to firm's success ▪ Purchasing professionals' development focuses on the elements of the competitive strategy
 Purchasing status	<p>To what extent do you agree with the following statements about the status of the purchasing function within your organisation?</p>	<ul style="list-style-type: none"> ▪ Top management is supportive of our efforts to improve the purchasing department ▪ In this company, purchasing is considered a vital part of our company strategy ▪ Purchasing's views are considered important in most top managers' eyes
 Internal integration	<p>To what extent do the following statements reflect the level of integration of the purchasing function within your firm</p>	<ul style="list-style-type: none"> ▪ Purchasing regularly attends strategy meetings ▪ Purchasing recommends and initiates changes in end products and inputs, based on supply market analysis ▪ A high proportion of purchasing personnel spend time in market and price/cost analysis ▪ Purchasing participates in new product design ▪ Purchasing participates in process design and improvement ▪ Purchasing is measured on strategic contributions to the company (e.g. new products/technologies), versus cost and efficiency
 Purchasing skills	<p>How much do you agree with the following statements about the level of purchasing personnel's knowledge and skills within your firm?</p>	<ul style="list-style-type: none"> ▪ Purchasing professionals have the necessary skills to monitor and interpret changes in the supplier market/product base ▪ Purchasing professionals have the technical capabilities to help our suppliers improve their processes and products ▪ Purchasing professionals have the necessary skills to improve the firm's total cost of doing business with the firm's suppliers ▪ Purchasing professionals demonstrate perseverance, imagination, decisiveness and interpersonal skills



Purchasing configurations vary along four performance dimensions: supplier integration, supplier relationship outcomes, production performance, and financial performance

MATURITY ASSESSMENT

Construct	Construct measurement items	
 Supplier integration	Please indicate the degree of external integration between your organisation and its strategic suppliers:	<ul style="list-style-type: none"> ▪ The level of strategic partnership with suppliers ▪ The participation level of suppliers in the design stage ▪ The participation level of suppliers in the process of procurement and production ▪ Stable procurement through networks
 Supplier relationship outcomes	To what extent do you agree with the following statements about the performance of your supplier partnerships?	<ul style="list-style-type: none"> ▪ In the last 2-3 years, we have continued to be able to improve product design performance through these partnerships ▪ In the last 2-3 years, we have continued to be able to improve process design through these partnerships ▪ In the last 2-3 years, we have continued to be able to improve product quality through these partnerships ▪ In the last 2-3 years, we have continued to reduce lead through these partnerships ▪ In the last 2-3 years, our partnerships have contributed to increasing product sales
 Production performance	Please rate your current level of your firm's performance on each of the following dimensions compared to that of your major competitors:	<ul style="list-style-type: none"> ▪ Delivery speed ▪ Delivery reliability ▪ Flexibility of production
 Financial performance	Please rate your current level of your firm's performance on each of the following dimensions compared to that of your major competitors:	<ul style="list-style-type: none"> ▪ Return on investment ▪ Return on sales ▪ Profit growth ▪ Return on total assets

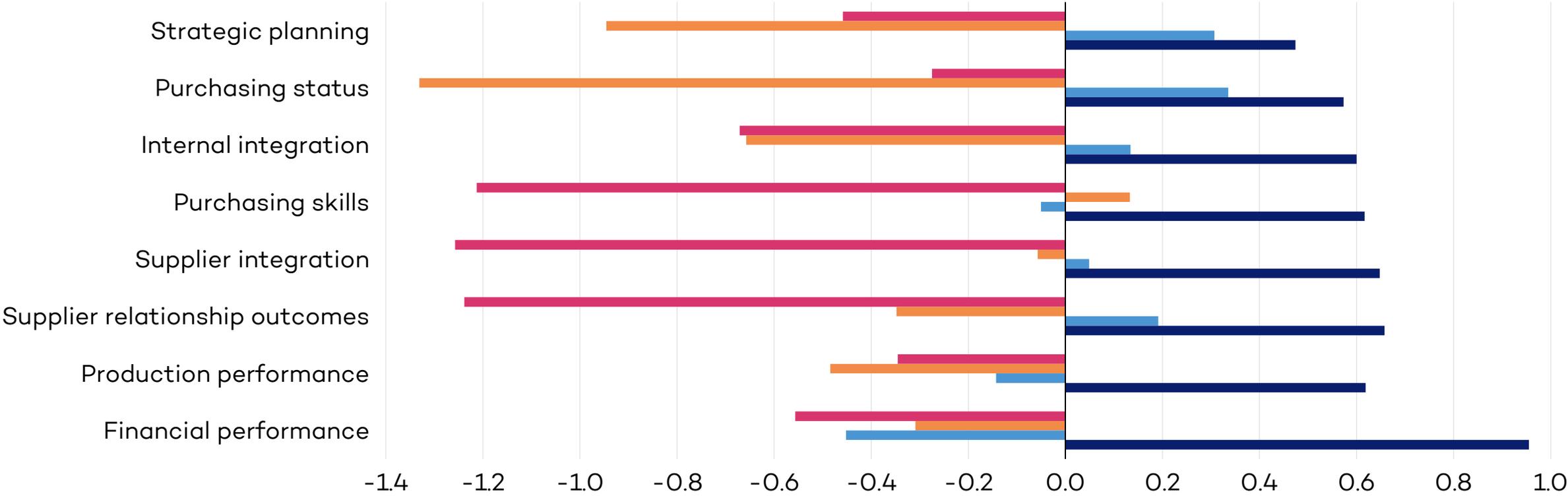


The cluster analysis recommends a four-cluster solution, labeled as Bomb, Undeveloped, Capable, and Strategic following content analysis

■ Bomb
 ■ Undeveloped
 ■ Capable
 ■ Strategic

MATURITY ASSESSMENT

 **Cluster profiles deviations**



Source: Procurement Initiative Pulse Check Q1/2025, Dec 16 – 20, 2024

The characteristics across the cluster profiles reveal that higher levels of strategic planning, status, integration, and skills also present a higher degree of performance outcomes

MATURITY ASSESSMENT

K-means results – Clusters centroids

	Cluster 1: Bomb (n=18 / 17%)	Cluster 2: Undeveloped (n=20 / 19%)	Cluster 3: Capable (n=36 / 33%)	Cluster 4: Strategic (n=34 / 31%)	ANOVA test F-values and sig.
 Purchasing characteristics					
Strategic planning	M (3.98)	L (3.30)	M (5.06)	H (5.30)	21.76***
Purchasing status	M (4.33)	L (2.90)	H (5.17)	H (5.49)	43.93***
Internal integration	L (3.02)	L (3.02)	M (4.25)	H (4.97)	29.34***
Purchasing skills	L (3.50)	H (5.05)	M (4.84)	H (5.60)	41.66***
 Performance outcomes					
Supplier integration	L (2.40)	M (4.11)	M (4.25)	H (5.11)	51.36***
Supplier relationship outcomes	L (2.16)	M (3.40)	M (4.15)	H (4.81)	49.48***
Production performance	M (4.09)	M (3.92)	M (4.33)	H (5.25)	10.59***
Financial performance	M (3.72)	M (4.04)	M (3.85)	H (5.66)	29.00***

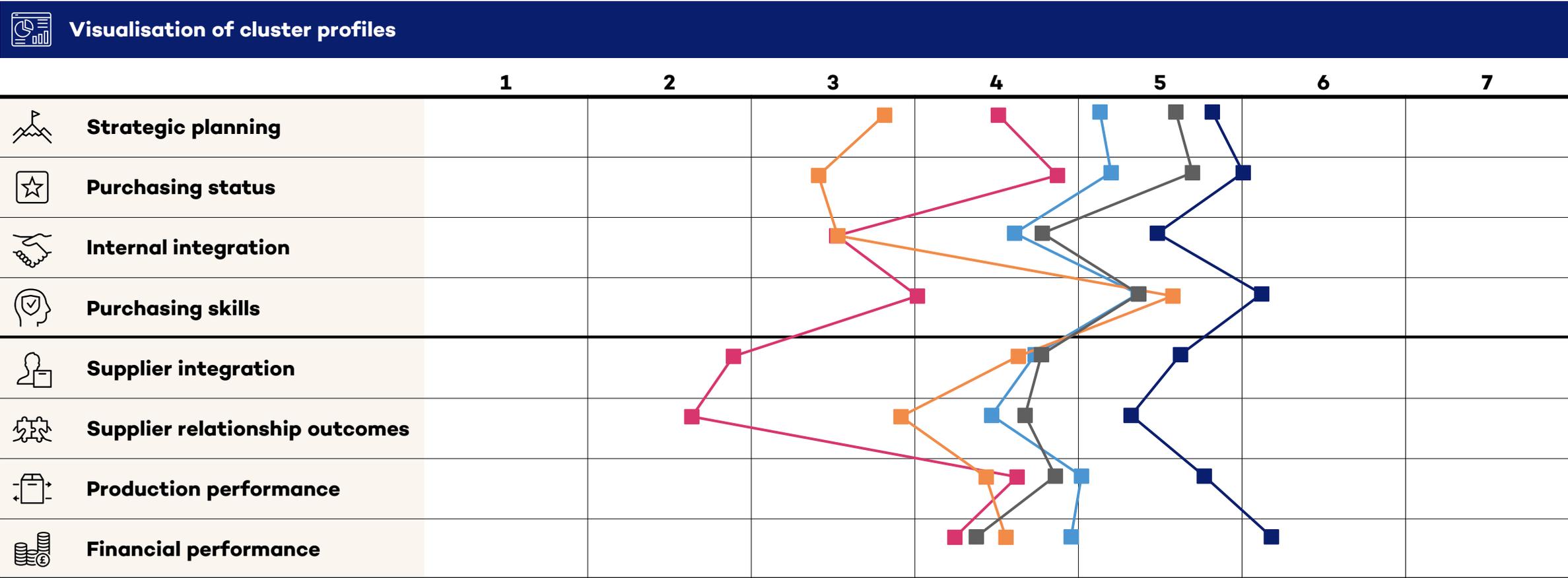
L = LOW; M = MEDIUM; H = HIGH; *p < 0.05; **p < 0.01; ***p < 0.001
Source: Procurement Initiative Pulse Check Q1/2025, Dec 16 – 20, 2024



A visualisation illustrates the differences between the characteristics of the four identified maturity levels of purchasing functions

■ Cross-cluster benchmark
 ■ Cluster 1: Bomb
 ■ Cluster 2: Undeveloped
 ■ Cluster 3: Capable
 ■ Cluster 4: Strategic

MATURITY ASSESSMENT

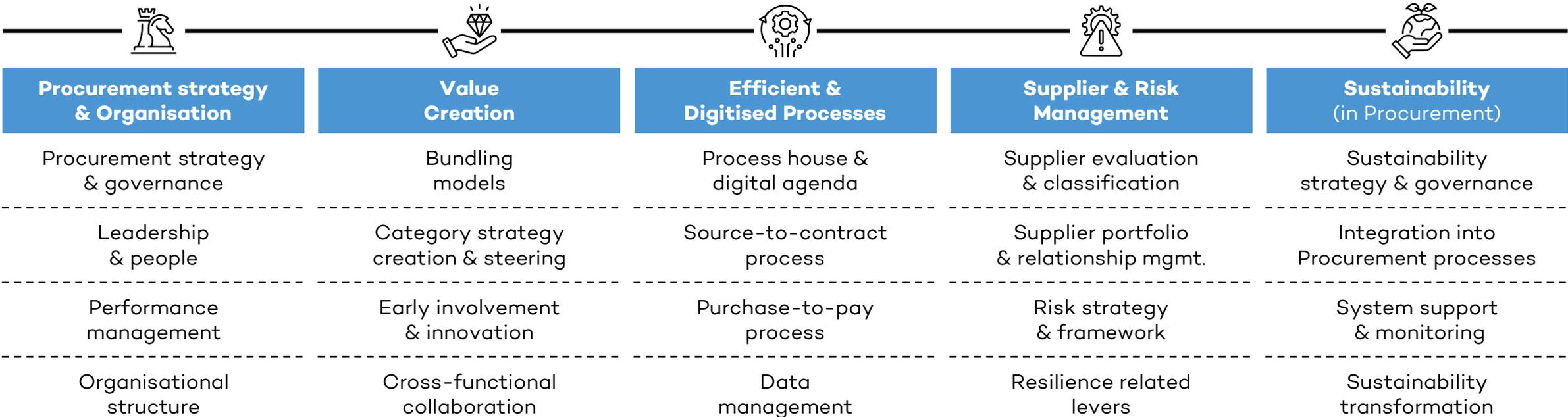


Source: Procurement Initiative Pulse Check Q1/2025, Dec 16 – 20, 2024

Next steps for Procurement leaders: Assess your current maturity level, define a transformation roadmap, and track progress

 To achieve a holistic assessment of your procurement organisation's current maturity level, the H&Z Procurement Performance Analysis helps you to identify gaps and prioritise initiatives that drive maturity progression.

Overview of the PPA



Source: The PPA structure is developed by H&Z Management Consulting and covers all aspects of a state-of-the-art Procurement organisation

Reach out to our experts today



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**Procurement
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The Procurement Initiative provides **research-driven insights** to help procurement leaders navigate key challenges and drive strategic change



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