ZIP | art of procurement™

Understanding the performance
and relationship implications of the
**Procurement Employee Experience**

Foreword

The Zip Procurement Experience Survey provides new insights into why many procurement teams today struggle with meeting their top objectives of reducing spend and risk, as well as increasing spend on PO.

The team at Art of Procurement, in collaboration with Zip, has been able to hone in on the prevalence of key user experience issues in procurement. The findings are dramatic - a vast majority of organizations clearly have issues gaining employee adoption of the intake-to-procure process. What is even more unfortunate, is that many organizations continue to not see user experience improvements as likely the biggest lever they have to influence adoption and thereby meet their ultimate organizational goals.

The good news is that these organizations have a new option available. Zip's intake-to-procure solution provides a consumer-grade user experience for procurement that helps teams gain employee adoption. By getting employees to adopt the procurement process, Zip delivers clean spend data and the power to achieve organizational spend and risk objectives.

- ED SAWMA, VP OF MARKETING, ZIP
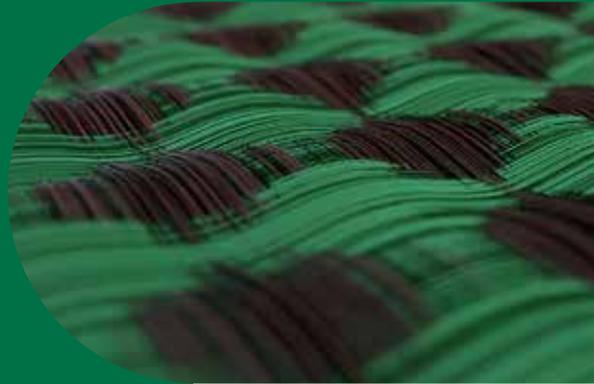
Executive Summary

Strategic intake-to-procure provides a simple, transparent, and compliant process for managing indirect spend. It addresses the period of time after a business need is identified, when stakeholders and distributed buyers are focused on defining their business need and quickly securing multi-functional approvals.

Although procurement is not heavily or actively involved at the moment of intake, the experience created by this process often has an outsized impact on company perceptions of procurement—as either a bureaucratic gatekeeper or as an enabler of empowered buying.

Without sufficient transparency, requesters are left feeling confused by the lack of visibility into the procurement process, especially when multiple rounds of review and approval are required. Since backing away from necessary oversight and approvals is not an option, procurement has to find a way to actively manage the intake-to-procure process without increasing friction or transactional hands-on time.

Art of Procurement and Zip partnered to conduct an employee experience survey focused on the intake process. We gathered quantitative data to learn more about purchase request and approval processes as well as procurement's related objectives and challenges. We then explored how current employee experiences help and/or hinder procurement's efforts to drive value-oriented outcomes by building fruitful relationships with the business. That survey data serves as the foundation for this report.

The goals of our research were to:

01 Better understand how procurement teams are currently managing the employee experience, and

02 Uncover the connections between company expectations, procurement performance metrics, and the employee experience.

In this paper, you will read about common intake-to-procure practices, how they contribute to internal perceptions of procurement, and opportunities to drive desired outcomes while improving the nature of procurement's relationship with the business.

If you would like to discuss these findings further, please contact Zip by visiting **ziphq.com/contact** for more information.

Key Takeaways

The following findings indicate that there is a significant opportunity for procurement to improve their internal relationships and measurable impact by improving the convenience of the intake-to-procure process. Fortunately, they also demonstrate procurement's awareness and understanding of the challenges and related opportunities, and a desire to address both.

There is work to be done, but procurement will see a direct ROI from updating intake and approval processes. These are the key data points uncovered in our research:

98% — An overwhelming 98 percent of respondents believe that an employee's experience during the intake-to-procure process affects the impact procurement is able to have on the organization.

35% — 35 percent of employee-initiated purchases currently require five or more approvals before they can be processed.

77% — 77 percent of procurement organizations that report they are seen as strategic advisors or partners to the business also have a single, centralized purchase request process.

41% — And yet, only 41 percent of procurement professionals believe they currently have a reputation for being a partner to the business.
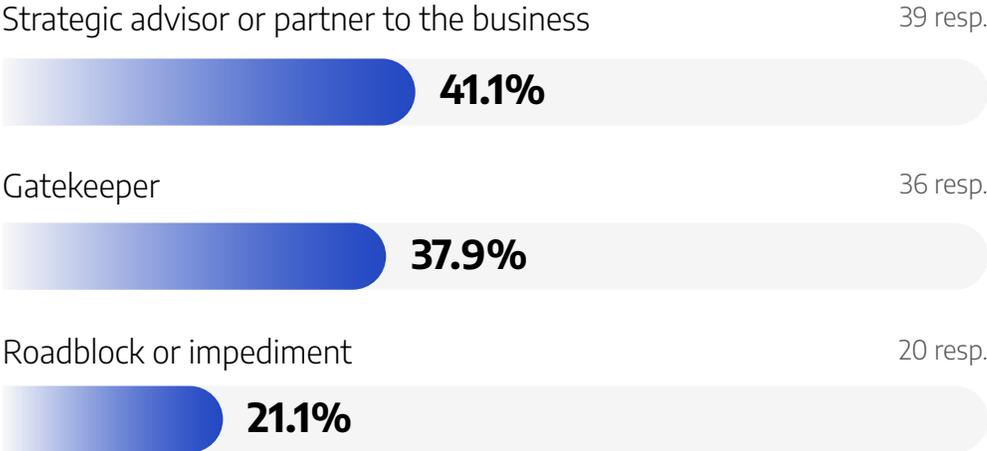
Procurement's Current Reputation and Priorities

Procurement always begins sourcing and spend analysis projects with a baseline, and the same approach can be applied to the intake-to-procure process.

Given the current tools and processes in place in most companies, 59 percent of respondents acknowledge that procurement is seen as a gatekeeper or roadblock on spend, purchases, and approvals rather than as a partner (Figure 1).

FIG. 1: WHAT DO YOU THINK PROCUREMENT'S REPUTATION IS AT YOUR COMPANY?

95 out of 95 people answered this question (with multiple choice)

Strategic advisor or partner to the business — 39 resp.
41.1%

Gatekeeper — 36 resp.
37.9%

Roadblock or impediment — 20 resp.
21.1%

Since procurement's role is to enable rather than to obstruct the business, we also asked respondents about their priorities and the activities that they incentivize. Performance metrics such as savings or spend under management may cause procurement to get in the way of purchases in order to meet company expectations. Although procurement does not intend to frustrate the business, this is the unfortunate result far too often.

We asked respondents to rank six common procurement priorities in order of importance. The average ranking of each priority is shown in Figure 2. Risk, compliance, and cost savings top the list. This finding reinforces the idea that procurement emphasizes what it is measured on. Since most teams are not measured for the quality of the experience they provide and many do not track employee satisfaction scores, greater emphasis is placed on non-experience related objectives like savings.

Although it was not the focus of our study, it is interesting to note that Environmental, Social, and Governance (ESG) initiatives (e.g. sustainability and supplier diversity) fall conclusively in last place. Over half of respondents (51.6 percent) listed supporting ESG initiatives as their last priority of the choices provided and not a single respondent indicated it was their top priority.

> **When called out explicitly, employee experience ranked fifth of the six priorities. That said, it is hard to accomplish any of the higher ranking priorities effectively at scale without also providing a good employee experience. This suggests that procurement may not understand which of their efforts contributes to the employee experience and what 'experience' really means.**

Gathering feedback from employees who experience frustration with the current intake process may help procurement identify the connections between employee experience and top-ranked priories.

For instance, it seems reasonable to make the case that improving the intake-to-procure process will increase compliance by removing incentives to make off-process purchases. An easier request process may also lead to increased savings and spend under management, even if just from a reporting perspective. Procurement can not accurately document savings or spend under management without as many purchases as possible being routed through approved centralized channels.

FIG. 2: WHAT IS MOST IMPORTANT FOR YOUR TEAM TO DELIVER?

95 out of 95 people answered this question

#		Average
#1	Managing risk and compliance	#2.34 average
#2	Securing cost savings	#2.4 average
#3	Increasing speed to purchase	#3.09 average
#4	Increasing spend under management	#3.88 average
#5	Delivering a positive employee experience	#4.22 average
#6	Supporting ESG initiatives	#5.06 average

It is a positive sign that respondents are prioritizing speed over spend under management. Increasing the speed to purchase is directly connected to procurement's desire to improve employee experience. Procurement has consistently received feedback about the speed of its processes from stakeholders. Taking steps to improve this will undoubtedly contribute to an improved experience.

This finding about speed to purchase also aligns with the 59 percent that view procurement as a gatekeeper or roadblock; delays are roadblocks just as much as approval hurdles are. Longer term, procurement must find a way to manage spend quickly if distributed buyer objectives and procurement performance objectives are to be achieved in parallel.

Process-Related Obstacles to an Improved Employee Experience

Just as we asked respondents to provide insight into their priorities, we presented them with a list of common challenges to rank according to their impact. As shown in Figure 3, the top two challenges are process-related, followed by negative perceptions of procurement itself.

20 percent of respondents agreed that confusing processes are the top challenge, and if we include those who indicated process visibility was their primary or secondary challenge, that group expands to include 61 percent of respondents. The silver lining of this finding is that although employees are frustrated and confused by procurement processes, simply offering them visibility into the status of requests is an achievable first step towards improving their experience.

While procurement will no doubt continue to work on streamlining processes, many of the delays that procurement is assigned responsibility for are not of its own making. Just as procurement does not select the suppliers who will be awarded contracts, it also only facilitates the multi-functional approval process in place in most companies.

Providing employees with easy access to information about requests may improve their perception of the process. This is especially likely in cases where there are many functional approvals beyond procurement that have to be secured.
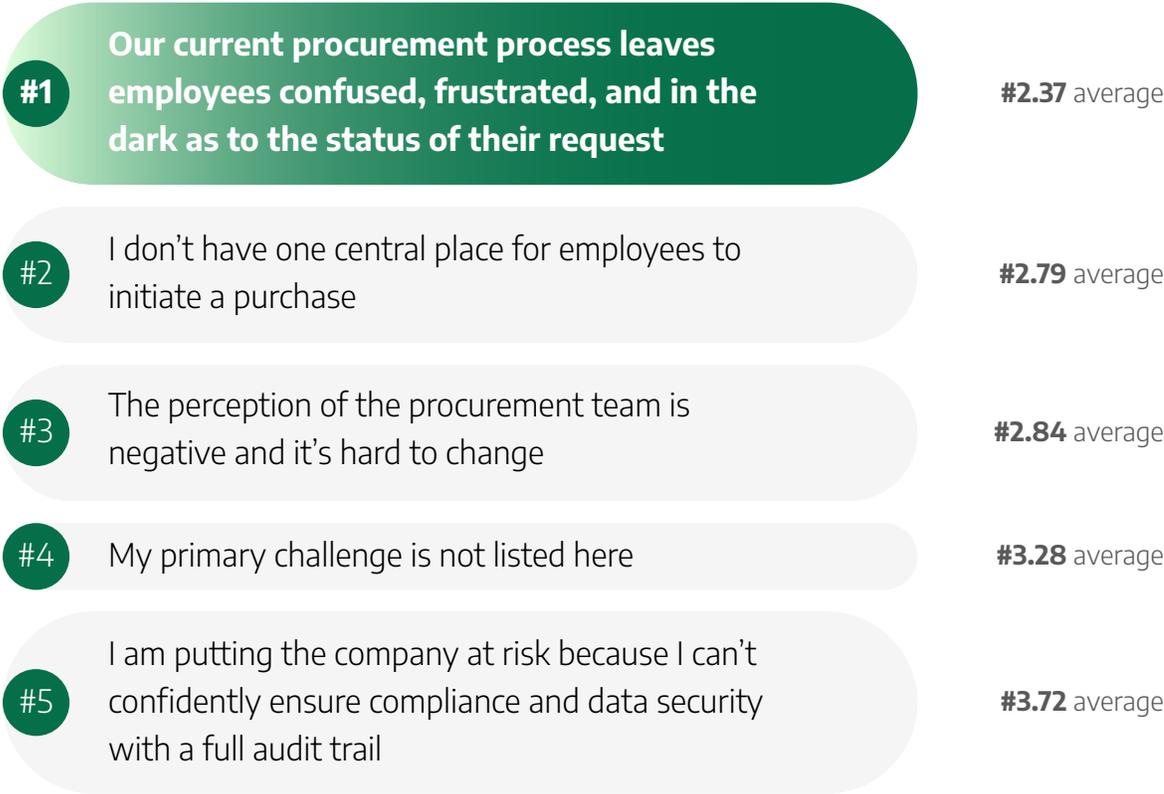
In addition to expressing frustration with the lack of process transparency, 44.3 percent admit that they do not have a single point of intake for employees. While procurement bears more responsibility for this than it does the approval speed of, say, legal or info and data security, it can get involved and drive improvement. Employees should not have to navigate a complex range of communication channels and systems just to start the procurement process.

40 percent of respondents list internal perceptions as their primary or secondary challenge. The idea that it is hard to change organization-wide opinions suggests that procurement may be 'settling' for the gatekeeper/roadblock role 59 percent self-report they have been assigned. If procurement has not recently gone through some type of transformation effort, legacy perceptions may be the ones that prevail.

For the companies that list negative perceptions of procurement as their primary or secondary challenge, 45 percent also report that savings is the top priority, compared with 36 percent of all respondents. The classic association between procurement and a 'cost savings at all costs' mindset continues to be reinforced through project level choices, something procurement will struggle to overcome as long as savings is a top performance objective.

FIG. 3: WHICH OF THE FOLLOWING CREATE CHALLENGES FOR YOU AS A PROCUREMENT PROFESSIONAL?

95 out of 95 people answered this question

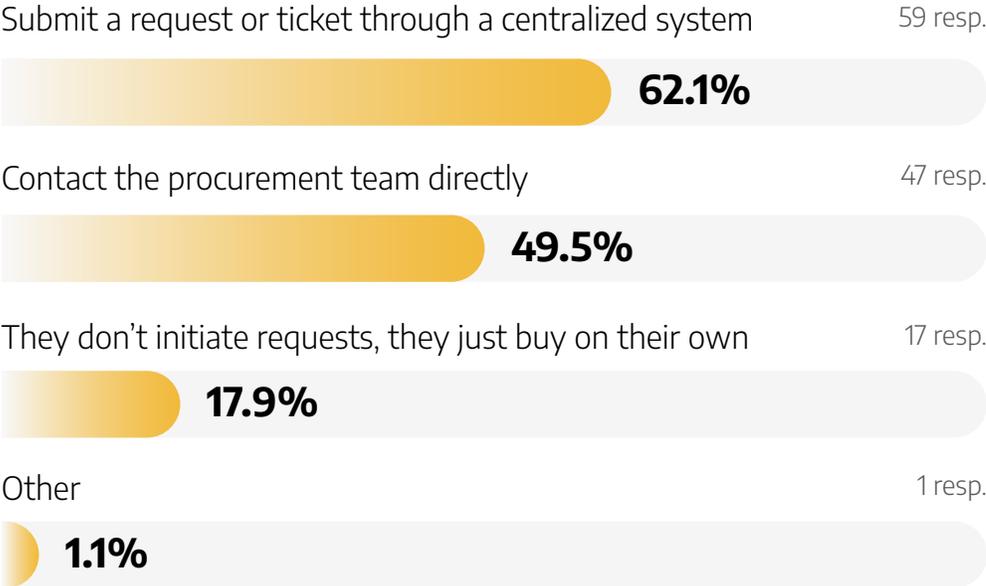|		
#1	**Our current procurement process leaves employees confused, frustrated, and in the dark as to the status of their request**	**#2.37** average
#2	I don't have one central place for employees to initiate a purchase	**#2.79** average
#3	The perception of the procurement team is negative and it's hard to change	**#2.84** average
#4	My primary challenge is not listed here	**#3.28** average
#5	I am putting the company at risk because I can't confidently ensure compliance and data security with a full audit trail	**#3.72** average

Process for Initiating Purchase Requests Today

For respondents that do not have one central place for employees to initiate a purchase, what channels and systems are they using to manage the intake process?

As shown in Figure 4, 62.1 percent of respondents have a centralized system where employees can submit a ticket or request, but we allowed multiple choices, knowing that many organizations have different points of intake depending on the type of purchase. About a third of survey respondents selected more than one method for initiating a request to purchase software or services.

When we look at the methods of intake and compare them to how procurement is perceived by employees, we see a correlation between having one method for managing purchase requests and being seen as a strategic advisor or partner to the business. 77 percent of procurement organizations reporting that they are seen as strategic advisors have only one intake method compared to 69 percent of 'gatekeepers' and 65 percent of 'roadblock' teams. Simplifying the intake process correlates with improved perceptions and relationships.

FIG. 4: HOW DO INTERNAL EMPLOYEES TYPICALLY INITIATE A REQUEST TO PURCHASE SOFTWARE OR SERVICES TODAY?

95 out of 95 people answered this question (with multiple choice)

Submit a request or ticket through a centralized system — 59 resp.
62.1%

Contact the procurement team directly — 47 resp.
49.5%

They don't initiate requests, they just buy on their own — 17 resp.
17.9%

Other — 1 resp.
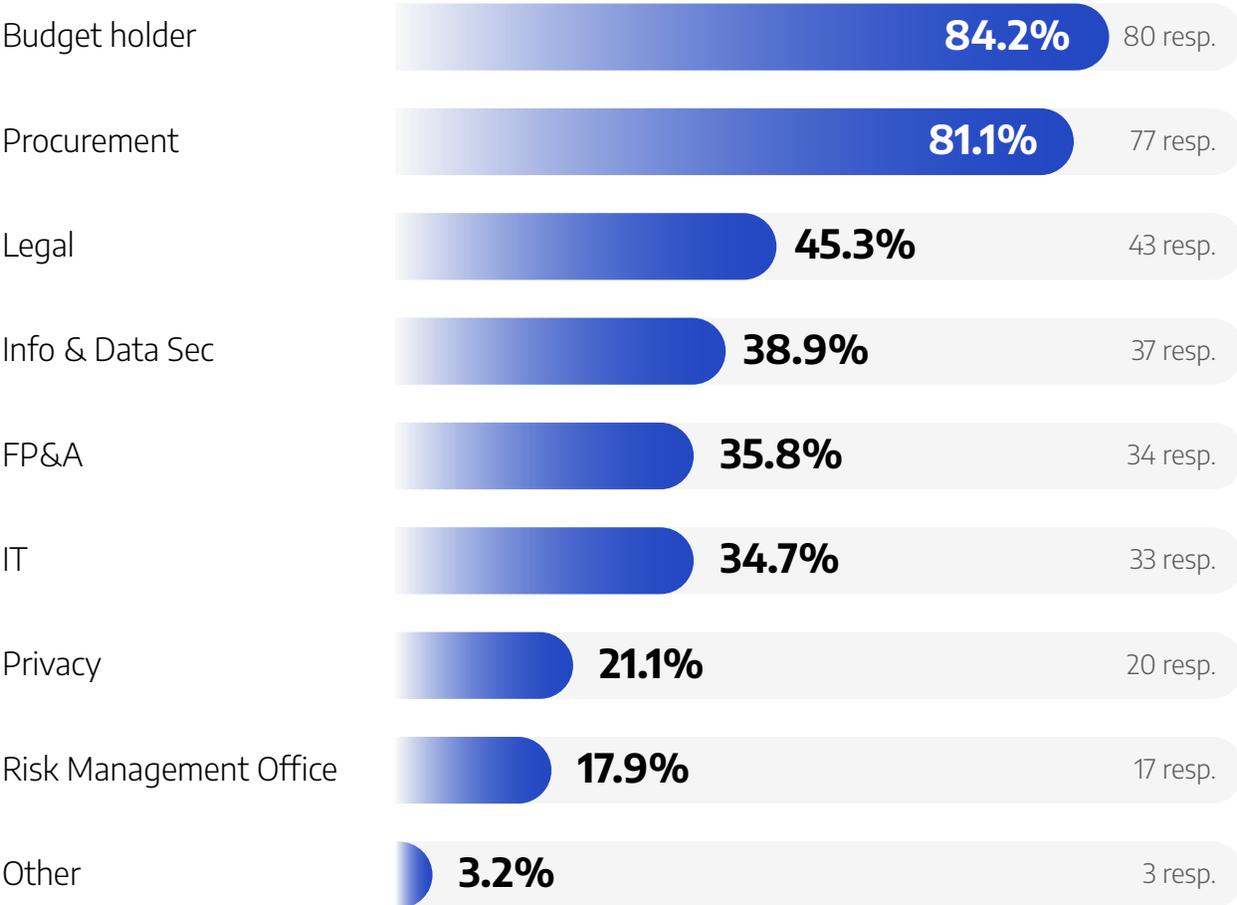**1.1%**

Number of Approvals Required Per Request

We have acknowledged the fact that procurement is more of a facilitator than a manager during the approval phase of a purchase request. As shown in Figure 5, 35 percent of companies require 5 or more approvals on most purchases, with budget holders, procurement, legal, info and data security, and financial planning and analysis topping the list.

As much as procurement wants to streamline processes and improve the employee experience, managing risk and compliance is the primary or secondary priority for 58.9 percent of respondents. Procurement must find a way to accelerate approvals without undermining valuable oversight.

Having purchase-specific routing for approvals and providing transparency for employees by managing those approvals in a centralized system is an effective use of digital capabilities - one that will allow procurement to maintain risk oversight while reducing employee frustration.

FIG. 5: WHICH OF THE FOLLOWING APPROVALS DO YOU TYPICALLY REQUIRE BEFORE A NEW PURCHASE CAN BE MADE?

95 out of 95 people answered this question (with multiple choice)

Budget holder	84.2%	80 resp.
Procurement	81.1%	77 resp.
Legal	45.3%	43 resp.
Info & Data Sec	38.9%	37 resp.
FP&A	35.8%	34 resp.
IT	34.7%	33 resp.
Privacy	21.1%	20 resp.
Risk Management Office	17.9%	17 resp.
Other	3.2%	3 resp.

Since 28 percent of respondents offer multiple ways to make a purchase request, we also explored the connection between stakeholder groups and how procurement facilitates the process for securing purchase approvals.
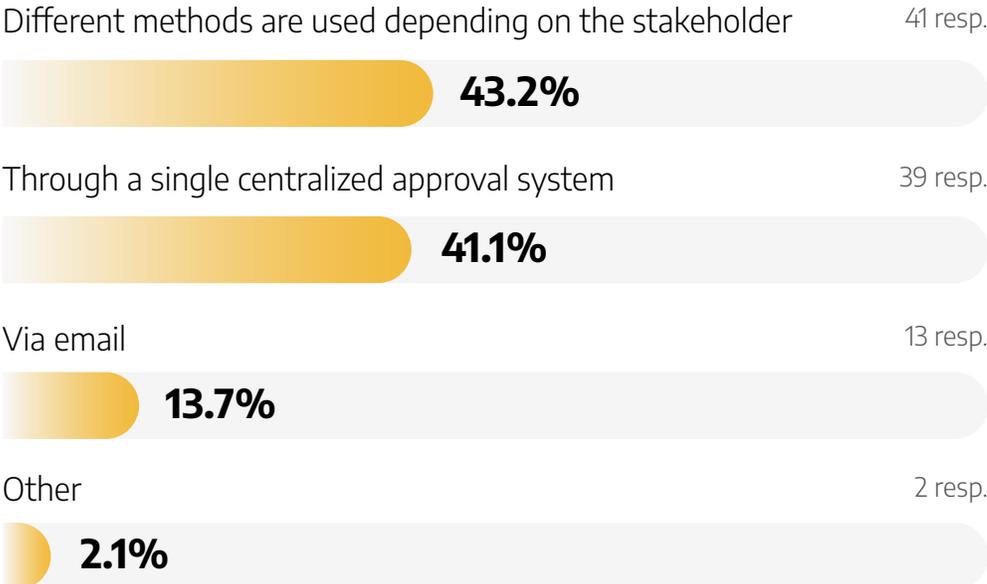
Of the 43.2 percent of respondents that have different approvals by stakeholder group (Figure 6), 73 percent require the budget holder and procurement to approve, 50 percent require budget holder, procurement, and legal to approve, and 37 percent require the budget holder, procurement, legal, and either IT or info and data security to approve.

Managing the number and order of approvals, not to mention the complexity of securing the right approvals based on the stakeholder group in question, presents procurement with a significant challenge.

As is the case with facilitating the approvals process in general, addressing the variability of approvals based on stakeholder group or purchase characteristics is an opportunity to leverage digital platforms that have customizable workflow capabilities.

FIG. 6: HOW DOES PROCUREMENT FACILITATE SECURING THE NECESSARY APPROVALS WITH EACH STAKEHOLDER GROUP?

95 out of 95 people answered this question (with multiple choice)

Different methods are used depending on the stakeholder   41 resp.

43.2%

Through a single centralized approval system   39 resp.

41.1%

Via email   13 resp.

13.7%

Other   2 resp.

2.1%

In Conclusion

Procurement will never completely outgrow performance objectives such as savings and spend under management. At the same time, the importance of providing an empowering employee experience is no longer negotiable. In fact, with objectives like speed and compliance, procurement cannot hope to maximize its quantifiable impact without also understanding and improving the experience it creates.

Best practices that were identified in the survey findings include:

01 Having one point for purchase request intake regardless of stakeholder group or specific product/service.

02 Emphasizing speed and transparency once the intake-to-procure process is underway is critical.

03 Finding a low-friction way of securing multiple functional approvals without delaying the fulfillment of a business need is a key contributor to the employee experience.

" Having an easy, streamlined experience and a collaborative partnership with procurement makes employees more likely to engage with procurement on new opportunities."

Respondent Profile

The respondents to this survey reflect a range of company sizes as shown below.

43%

43 percent of the respondents work for companies with between $500M and $10B in revenue

36%

and 36 percent work for companies with over 5,000 employees.

40%

40 percent of the practitioner respondents have titles that are Director and above.

FIG. 7: WHAT IS YOUR APPROXIMATE COMPANY HEADCOUNT?
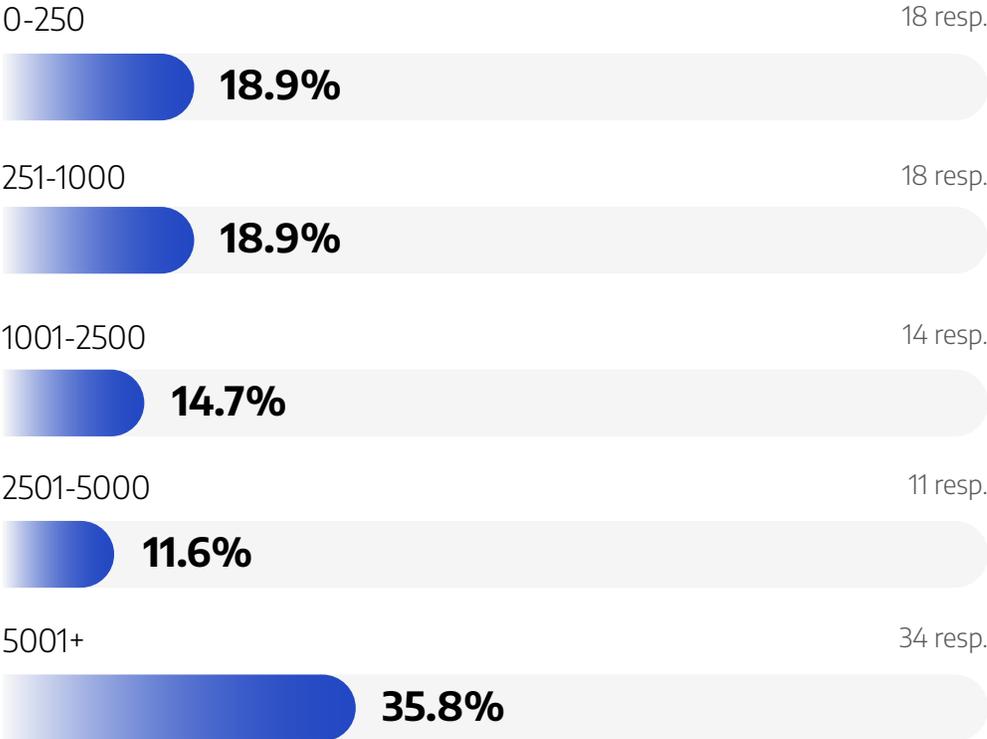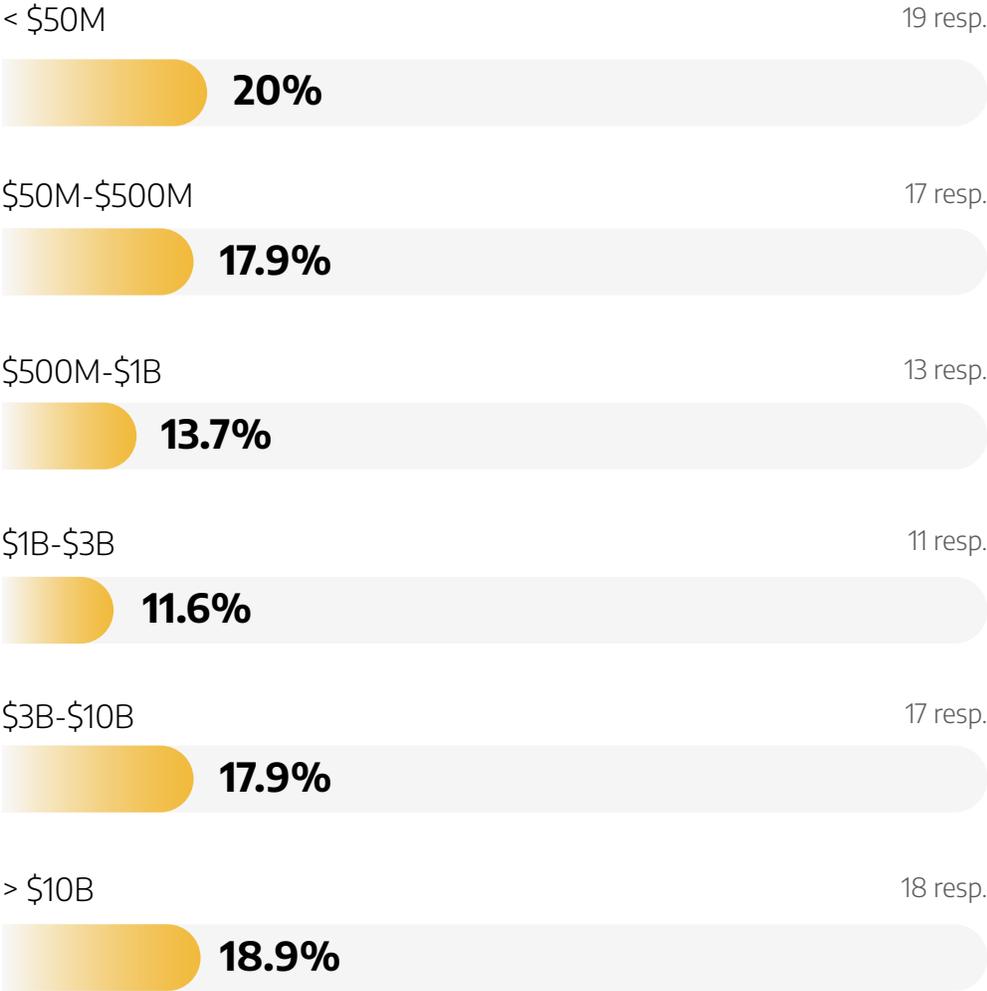
95 out of 95 people answered

0-250   18 resp.
18.9%

251-1000   18 resp.
18.9%

1001-2500   14 resp.
14.7%

2501-5000   11 resp.
11.6%

5001+   34 resp.
35.8%

FIG. 8: WHAT IS YOUR APPROXIMATE ANNUAL COMPANY REVENUE?

95 out of 95 people answered

< $50M
19 resp.

20%

$50M-$500M
17 resp.

17.9%

$500M-$1B
13 resp.

13.7%

$1B-$3B
11 resp.

11.6%

$3B-$10B
17 resp.

17.9%

> $10B
18 resp.

18.9%

About Zip

Zip is the world's leading intake-to-procure solution. Providing a single platform for any employee to initiate a purchase or vendor request, Zip helps businesses gain clear and timely visibility across all purchases, while dramatically improving the employee experience. The platform's no-code configuration and intelligent workflows integrated across disparate systems enable businesses to automatically route requests for faster approval across finance, legal, procurement, IT, security and other teams. Leading enterprises and high-growth startups like Databricks, Canva, Airtable, Roblox, Webflow and over 100 others use Zip to streamline their procurement processes while delighting their business users. For more information visit **ziphq.com**

About Art of Procurement

Art of Procurement helps forward thinking procurement professionals seize the strategic opportunities associated with purpose-driven supplier and spend management. Our community is made up of industry trailblazers that share insights and help shine a light on the strategies, tactics, and tools that procurement teams use to elevate their impact. For more information, visit **artofprocurement.com**
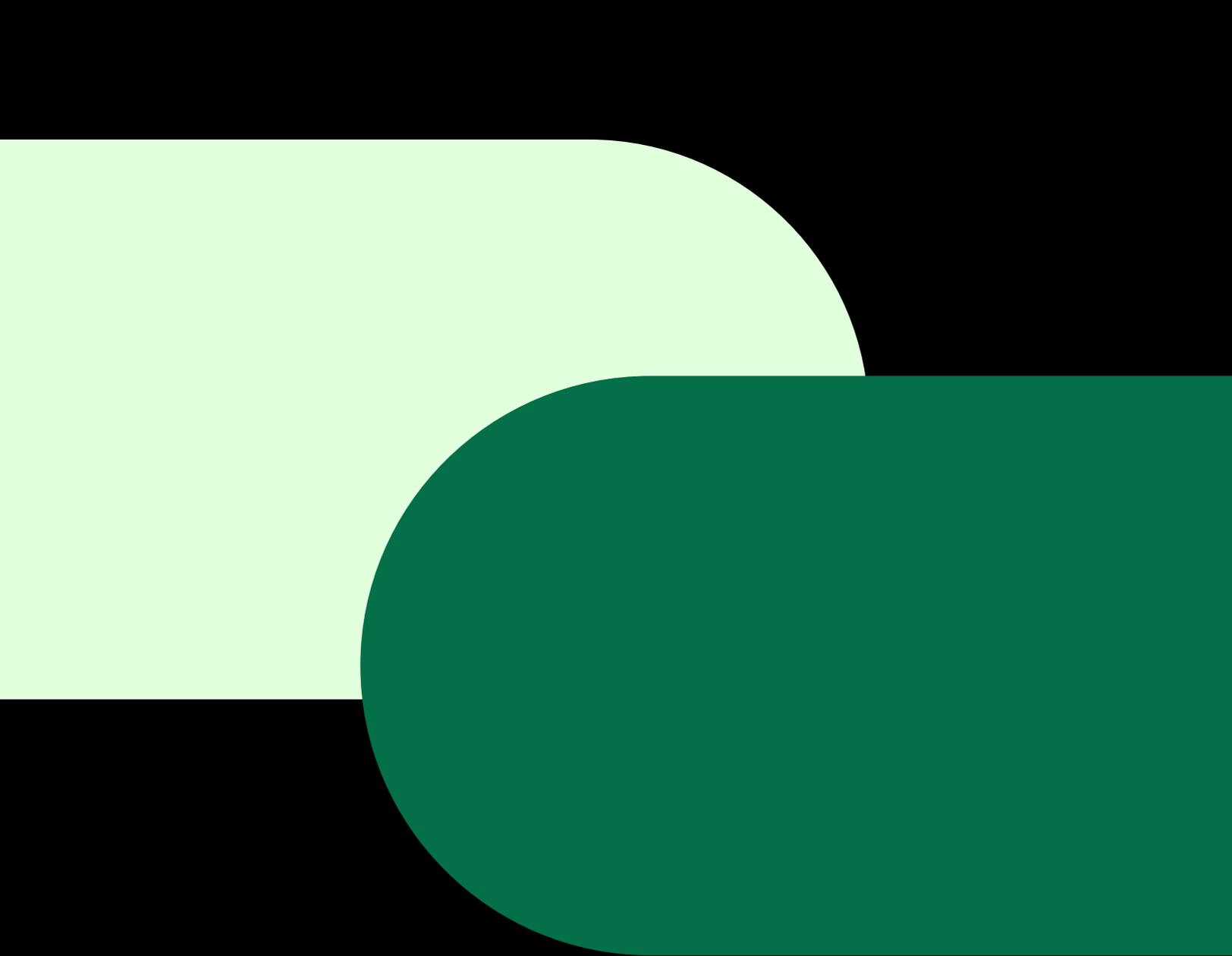
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