Agile Procurement Survey

© Mimi Potter - Fotolia

A study conducted by: Prof. Dr. Ayelt Komus

University of Applied Sciences Koblenz

Process And Project

Study Authors and Realization:

Prof. Dr. Ayelt Komus, Thomas Heupel, Maximilian Kassner,

Claus-Peter Koch and the Team Process and Project

Contact

We look forward to your feedback under

info@process-and-project.net

Version:

English Public Version (Excerpt)

1.02 (state: 30 January 2017)

Copyright

Motivation

"Agile methods are gaining more and more importance. Concepts and tools in the fields of "Scrum", "IT-Kanban" and "Design Thinking" are playing an increasingly significant role, not only in IT development. Against the background of the chances and challenges through digitalization, globalisation and the fourth industrial revolution, the development of agile methods importance will increase even further.

At the same time different principles such as rolling wave planning ("Sprint planning"), early delivery of increments ("potentially deliverable products") and self-organized teams are leading to new constellations that cannot be easily integrated into existing procurement structures ("fixed price issue", service/work contract, …).

This study examines how procurement departments deal with those challenges and is intended to discover fields of action, chances and challenges."

Prof. Ayelt Komus

Study Results - Highlights

- Almost three quarters of the respondents expect fundamental changes in procurement through the implementation of agile methods.

- More than 85% of the participants consider themselves not well positioned in procurement.

- Regarding the development of procurement, the respondents perceive "acceptance of changes by the procurement employees" as the major challenge.

- The study participants expect most significant chances in the "coordination with the specialist departments".

- The respondents expect the most extensive impacts in fields related to software- or product development.

- More than 60% of the respondents agree that changes and challenges of the fourth industrial revolution and agile methods equal one another.

- Currently, only 6% of the respondents are dealing actively and constructively with the changes of agile methods.
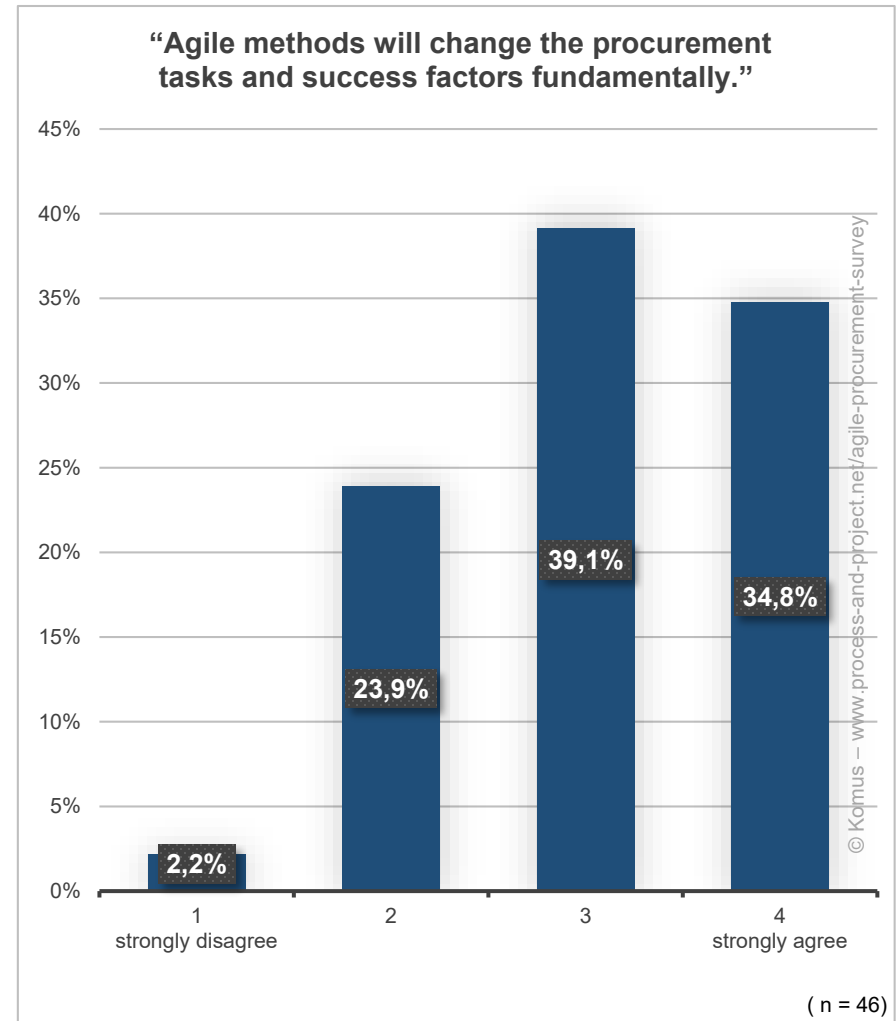
Agile Methods as a Fundamental Change

Almost three quarters of the respondents expect fundamental changes in procurment through the implementation of agile methods.

Agile methods have already changed the tasks and success factors of software development and project management substantially.* But to which extent do agile methods affect other areas of the organisation? How extensive are changes in procurement evaluated by the study participants?

Only 2% of the respondents think that agile methods will not have a fundamental impact on the procurement tasks and success factors. 24% of the participants rather disagree with the statement.

However, 35% of the respondents takes the view that agile methods will change the procurement tasks and success factors significantly. 39% rather agree with the statement.

In conclusion, almost three quarters of the respondents expect fundamental changes in procurement.

"Agile methods will change the procurement tasks and success factors fundamentally."

Rating	Percentage
1 strongly disagree	2,2%
2	23,9%
3	39,1%
4 strongly agree	34,8%

(n = 46)

© Komus – www.process-and-project.net/agile-procurement-survey

*Compare e.g. "Status Quo Agile" www.status-quo-agile.net

Is Procurement Well Prepared for Agile Methods – From their own Perspective
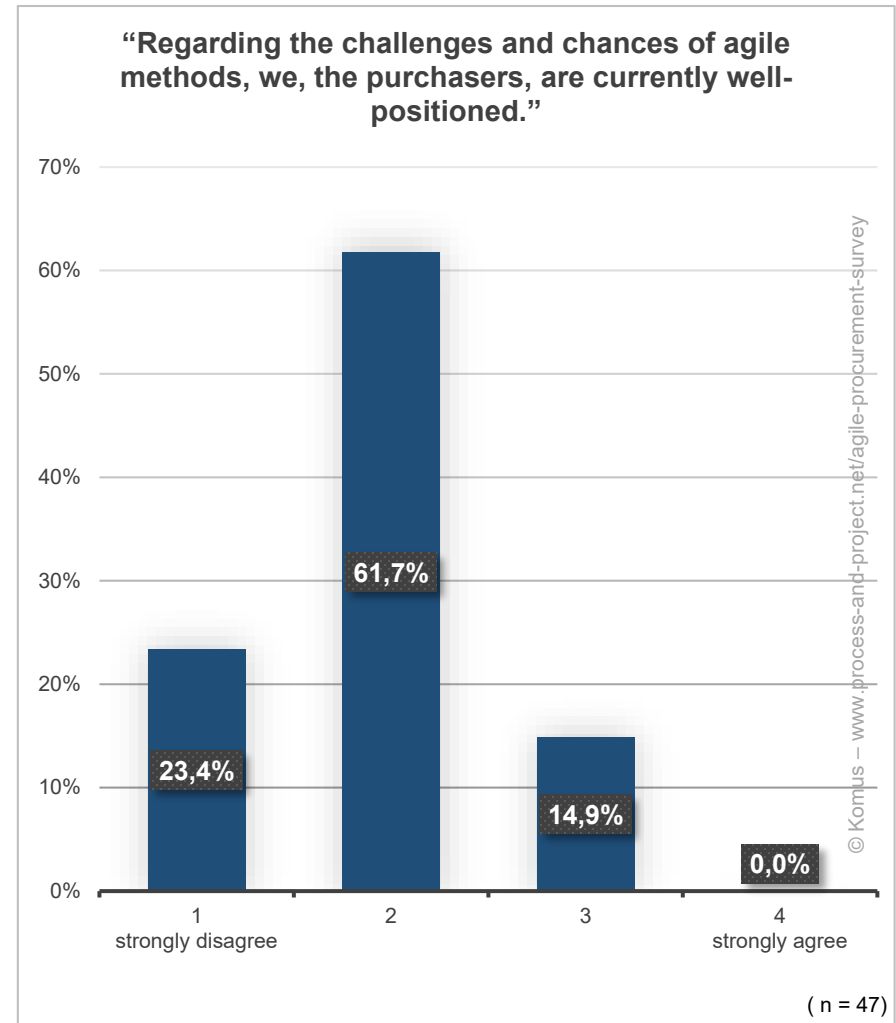
More than 85% of the participants consider themselves not well positioned in procurement.

The implementation of agile methods cannot be taken for granted. That is what companies need to realize at the moment. Although, Readiness Checks help companies to weigh the challenges and risks of applying agile methods beforehand, those methods are not specialized for procurement. How well prepared do purchasers consider themselves regarding the challenges and changes of agile methods? This question should be answered through evaluation of the statement by the study participants.

23% of the respondents consider themselves currently as not well-positioned regarding the challenges and changes of agile methods.

Another 62% of the respondents assesses their performance not particular poor but still challenging. Only 15% of the participants consider themselves rather well-positioned.

Non of the respondents strongly agree that procurement is well prepared for agile methods.

"Regarding the challenges and chances of agile methods, we, the purchasers, are currently well-positioned."

Category	Percentage
1 strongly disagree	23,4%
2	61,7%
3	14,9%
4 strongly agree	0,0%

(n = 47)

© Komus – www.process-and-project.net/agile-procurement-survey

Current Handling of Agile Methods

Currently, only 6% of the respondents are dealing actively and constructively with the changes of agile methods
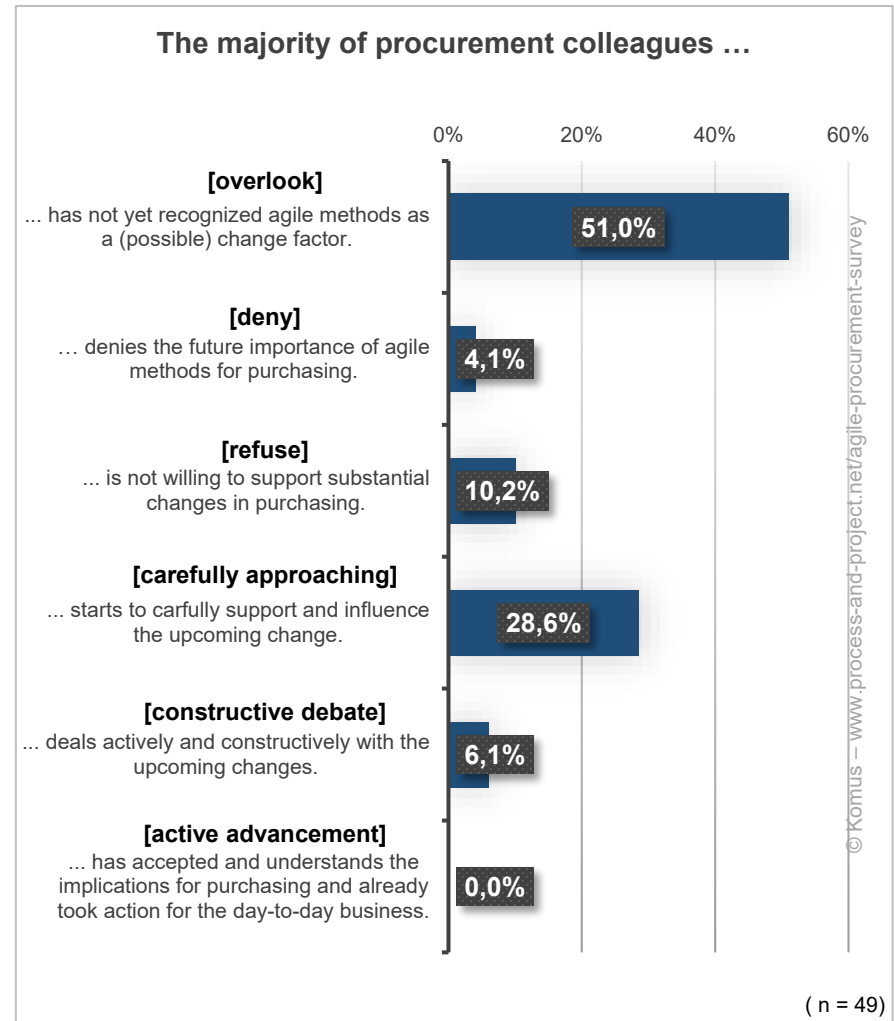
In general, fundamental changes carry out different behavioural patterns that follow a characteristic course:

1. overlook,
2. deny,
3. refuse,
4. carefully approaching,
5. constructive debate,
6. and active advancement.

More than 50% of the respondents think that the majority of their procurement colleagues have not yet recognized agile methods as a (possible) change factor. 4% of the participants report that the majority of their colleagues deny the future importance of agile methods for procurement. Another 10% of the respondents take the view that the majority of their colleagues is not willing to support substantial chances in procurement.

29% of the participants report that the majority of their colleagues are just starting to carefully support and influence the upcoming change. Only 6% of the respondents consider that the majority of procurement deals actively and constructively with the upcoming changes.

None of the respondents report that their company has accepted the implications for procurement and already took action for the day-to-day business.

The majority of procurement colleagues …

[overlook]
... has not yet recognized agile methods as a (possible) change factor. — **51,0%**

[deny]
… denies the future importance of agile methods for purchasing. — **4,1%**

[refuse]
... is not willing to support substantial changes in purchasing. — **10,2%**

[carefully approaching]
... starts to carfully support and influence the upcoming change. — **28,6%**

[constructive debate]
... deals actively and constructively with the upcoming changes. — **6,1%**

[active advancement]
... has accepted and understands the implications for purchasing and already took action for the day-to-day business. — **0,0%**

(n = 49)

© Komus – www.process-and-project.net/agile-procurement-survey

Challenges for the Development of Procurement

Considering the general development of agile methods where do you see the major challenges for procurement? Participants were allowed to select up to 3 fields of action, in which they personal see the major challenges regarding the agile transition of procurement.
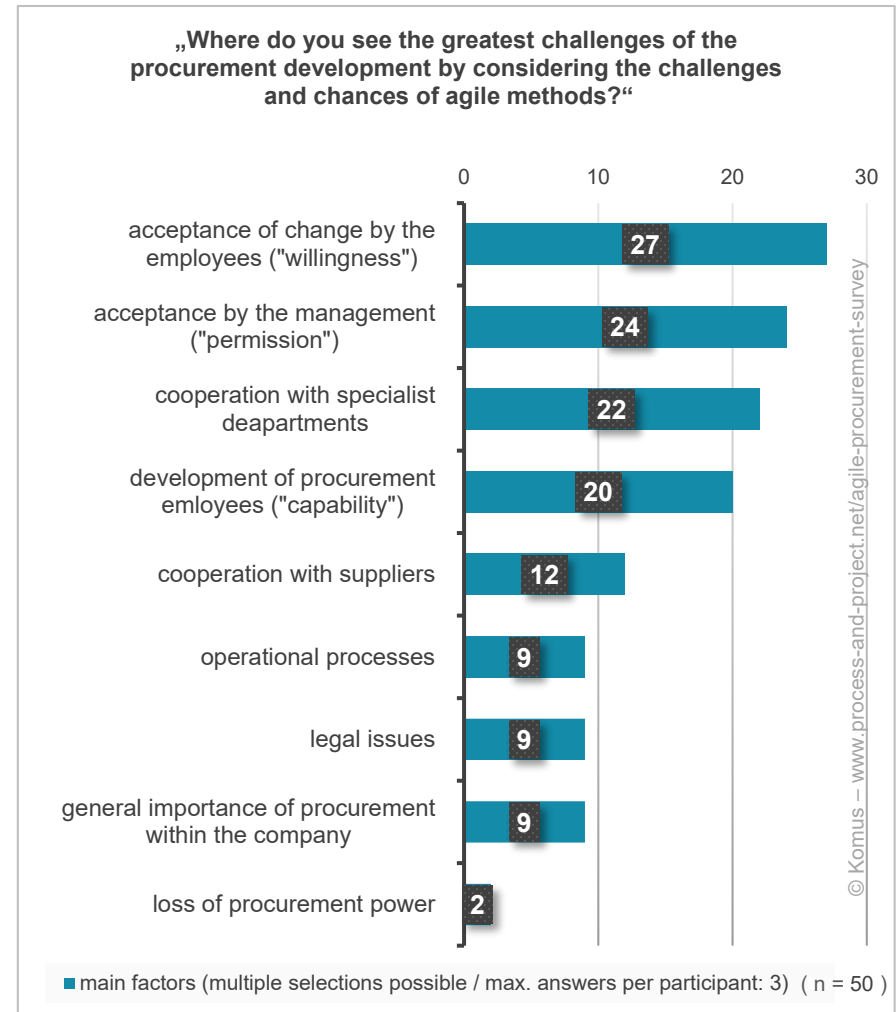
More than half of the participants identified „acceptance of change by the employees („willingness")" as the major challenge within the development of procurement.

Nearly half of the respondents perceive „acceptance by the management („permission")" as a major challenge as well.

Another 22 participants report that „cooperation with specialist departments" is a great challenge, too.

Less than 20% of the respondents take the view that „operational processes", „legal issues" or „general importance of procurement within the company" are major challenges.

Only two participants fear the „loss of procurement power" in the context of developing agile methods.

„Where do you see the greatest challenges of the procurement development by considering the challenges and chances of agile methods?"

Challenge	Value
acceptance of change by the employees ("willingness")	27
acceptance by the management ("permission")	24
cooperation with specialist deapartments	22
development of procurement emloyees ("capability")	20
cooperation with suppliers	12
operational processes	9
legal issues	9
general importance of procurement within the company	9
loss of procurement power	2

■ main factors (multiple selections possible / max. answers per participant: 3) (n = 50)

© Komus – www.process-and-project.net/agile-procurement-survey

Recommendations for Agile Procurement

Based on the study results and personal experiences in implementing agile methods the following recommendations can be derived. In response to digitalisation and the growing importance of agile methods members of the procurement department should consider the following activities to be perceived as an accepted and sought-after partner within and outside the organisation.

1. Impart Basic Principles

2. Understand Specific Situations

3. Appropriate Differentiation

4. Cooperate Closely

5. Develop Skills and Treaty architectures

6. Make Processes Fit for Agile Procurement

7. Reflect Employee Profiles

8. Use Agile Methods

9. Start Today!

Recommendations for Agile Procurement

1. Impart Basic Principles

Each employee in the team should understand the basic concept, the full extent of the change, the fundamental impact on procurement and that this development carries both: changes and risks.

→ *Provide basic principles regarding agile methods, digital transformation and eventually the fourth industrial revolution!*

2. Understand Specific Situations

In the course of dialogues and conversation with different business units, determine how and to which extent agile and digital transformation change procurement processes and requirements.

→ *Create clarity about specific situations and circumstances within the company!*

3. Appropriate Differentiation

The basic variants of your procurement processes and procurement strategy, should also consider your actual procurement power, mutual dependencies with suppliers, as well as the good's / service's complexity and suitability to define clear requirements.

→ *Ensure that differentiation of the procurement processes and strategies are appropriately practiced and applied!*

4. Cooperate Closely

Agile methods are relying on small steps, critical reflection, and learning curves. This applies in all areas: products, methods, techniques, and technologies. Everything is based on lean and timeboxed interactions. This principle should be considered by directing and implementing those new issues. Together, search for an adequate and suitable way for your organization / projects.

→ *Work together closely – especially with specialist department and legal department!*

5. Develop Skills and Contract Architectures

Agile methods change the meaning of specific skills in negotiation, contract conclusion, and guidance. New contract architectures and procedures need to be developed even if each activity is considered to be unique. Develop solutions, practice, observe, and learn.

→ *Develop adequate skills and contract architectures!*

6. Make Processes Fit for Agile Methods

Agile methods and the fourth industrial revolution are faster and more value-based than conventional methods. Agile processes are changing the classical focus of procurement from a singular purchasing activity at the beginning towards an end-to-end accompaniment through the whole service provision process. Ensure that your procurement processes are able to keep up. Make sure that lead time, controlling procedures, and transparency of processes do not obstruct the advantages of agile methods.

→ *Make processes fit for agile procurement!*

7. Reflect Employee Profiles

Try to identify new hiring requirements. At several points, different/new skills and propensities, will grow in importance. Against this background, reflect the skills and personal profiles of your employees and colleagues. Check the employee's development possibilities and determine selection and promotion criteria.

→ *Reflect on your employee's capabilities, propensities and profiles!*

8. Use Agile Methods

Not without good reason have agile methods become much more widespread in recent times. In some companies, innovative legal and procurement departments are already using agile methods and benefit from their chances and advantages. Procurement in agile contexts is only perfectly supported if the advantages of agile methods are exploited to their full potential.

→ *Use agile methods to improve your processes!*

9. Start Today!

Agile methods are based on ongoing development and continuous improvement. There is nothing preventing you from beginning today and starting the process of learning now. Avoid paralysis and analysis, especially in agile contexts.

→ *Start today!*

The study was open for participation from 13.09.2016 to 31.10.2016. The questionnaire was available in german language only.

A total of 160 people took part in the survey. This resulted in 50 data sets that could be evaluated for the study. This is a remarkably low rate in relation to the other experiences of the study initiators.

It can only be assumed that many participants might have recognized the topic as relevant, but they are not yet in a position to provide qualified information. This also indicates the quality of the evaluated participant data records whose sender information makes a high validity appear plausible.

Potential participants were informed via various newsletters (Professors Komus, Gadatsch and Mendling), the online portal of the IHK Koblenz and many other websites, publications and tweets.

The *Call for Participation was* addressed specifically to employees and experts in procurement. However, the access to participation was not explicitly controlled.

The data were generally tested for plausibility, but not further validated in detail. Records of participants that have not answered at least 50% of the questions have not been included in the evaluation.

Since all responses were voluntary, the number of respondents varies accordingly between the individual questions. The sample size was therefore determined on a question-specific basis. For single-choice questions, n was determined as the number of responses. In the case of multiple choice, the number of participants who specified at least one response option was determined.
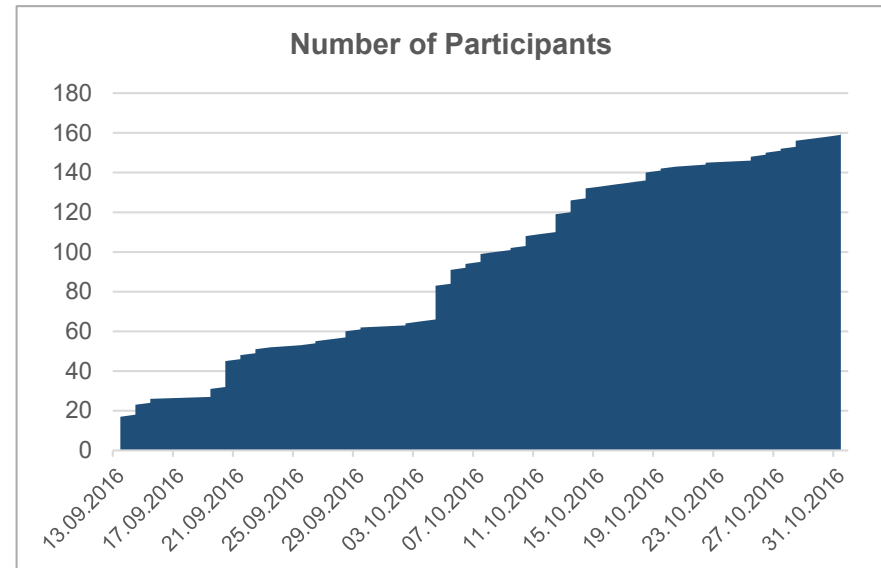
Number of Participants

Surveys based on the assessments of respondents should ideally be representative, significant and relevant. The sample should be composed similarly to the statistical population to be representative.

Statements should be statistically significant – the probability that results are produced by coincidence should be as low as possible.

Finally, results should be relevant. Results created under laboratory conditions help gaining knowledge, but very often they are not fully transferable into daily life. So the results are only of very limited relevant for the practitioners.

Very often these three requirements are contradictory; this is also true for a survey, which examines the practiced forms and the success of agile methods. For instance the extraction of a representative sample is almost impossible in a study that is based on voluntary participation.

The way this survey was publicized (newsletter, postings, contributions in media) probably reached some persons or some types of companies better than others. It is therefore likely that there is a bias in the sample.

Furthermore, the results are based on assessments of the participants. Some answers might not correspond to reality. Furthermore, we can not exclude the possibility that some of the answers are not correct.

A social desirability bias – a tendency of respondents to answer questions in a manner that will be viewed favorably – as well as factors like the acquiescence bias – a tendency to favor positive answers and other factors could influence the statements of the respondents. The reader should be regarding these limitations.

Study Director

Prof. Dr. Ayelt Komus, professor of organization and business informatics at Koblenz University of Applied Sciences, is a coach, management consultant, keynote speaker and author. Komus refers to over 50 publications, over 100 keynotes and lectures, as well as more than 100 interviews / reports in the specialist media.

He is the director of the *BPM-Labor for Business Process Management and Organizational Excellence*, director of the computer center of the University of Applied Sciences Koblenz. He is co-initiator of the *Modellfabrik Koblenz* (model factory), the *Praxisforum - Prozess und IT-Management* (practice forum - Process and IT management), the *Praxiswerkstatt - Agilität und Digitalisierung* (practice workshop - agility and digitization), as well as the *IT-Radar.*

Komus is a recognized author, keynote speaker, consultant and coach in the fields of process, project and IT-management and agile methods. His highly regarded empirical studies include the studies "*agiles PMO*" (Agile PMO), "*Erfolgsfaktoren im Projektmanagement*" (Success factors for PM) and "*Status Quo Agile*", the largest studies (2012, 2014 and 2016) on the practice and success of agile methods in cooperation with the *GPM Deutsche Gesellschaft für Projektmanagement* (German Association for Project Management) for project management.

An overview of studies and the possibility to request the study reports free of charge can be found at (mostly German language):

www.process-and-project.net/studien

Latest information, publications, and lectures are available at (German language):

www.komus.de

Regular information on the latest studies, publications and lectures is available by (German language):

www.process-and-project.net/aktuell

Contact & Further Steps

Prof. Dr. Ayelt Komus

Process and Project

Email: komus@process-and-project.net

Email: komus@hs-koblenz.de

Xing: www.komus.de/xing

LinkedIn: www.komus.de/LinkedIn

Twitter: @AyeltKomus

Phone: +49 (0)172 6868 697

www.komus.de

www.process-and-project.net

Realization and development of this study was supported by

Heupel Consultants

Heupel Consultants assists companies in the fields of project-, process and IT management as well as agile methods by focusing on the realization of the advantages of agile methods also in conventional contexts and classical processes such as procurement, human resources. Further information can be found under:

www.heupel-consultants.de

Further offers for our german-speaking readers:

Intensiv-Workshops für Einkäufer

Welche Konsequenzen Agile Methoden und Digitalisierung für den Einkauf haben und wie der Einkauf diesbezüglich agieren sollte ist Gegenstand unseres Intensiv-Workshops *„Agiler Einkauf – Agile Vertragsgestaltung"*. http://www.process-and-project.net/agiler-einkauf

Intensiv-Workshop zu Grundlagen agiler Methoden

Die Grundlagen agiler Methoden wie Scrum, Kanban, Design Thinking werden in kompakter Form vermittelt im Workshop *„Agiles Projektmanagement - Scrum, Kanban, Design Thinking in das Projektmanagement integrieren."*

http://www.process-and-project.net/agilespm

Digitalprofil für Ihr Unternehmen

Ein individuelles Unternehmens-Profil der Digitalen Transformation lässt sich erstellen unter

www.mein-digital-profil.de

Workshops, individuelle Coachings und Training sind auch als Inhouse-Veranstaltungen verfügbar!