CPO SUMMIT 2025 – Summary Insights

In quotes:

> "Procurement is at the very beginning of the decision-making process that affects organizational productivity" Bart van Ark
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> "Trust = (Capability x Reliability x Transparency) / Self-interest" Paul Enders
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> "AI will help procurement to pivot from process- to problem-focus" JP Lauer
>
> " Make feedback your strategic asset" Sigrid Brendel
>
> "Your head should be ahead of the plane" Frank M H Versteegh
>
> "Humanitarian aid should treat procurement as a strategic tool for capacity building" Claire Barnhoorn
>
> "New Technology + Old Organization = Expensive Old Organization" Paul Iske
>
> " The Chief Cheerleader has brought back USA's Frontier Mentality" Michiel Vos

For the main speakers of the first day, a summary of insights is provided below.

Prof Dr Bart van Ark, Professor Productivity studies, University of Manchester & Managing Director, The Productivity Institute

1. **Key Drivers of Productivity:** Successful firms typically focus on five main drivers that enhance productivity: 1) Access to finance, 2) Innovation and digital adoption, 3) Investment in worker skills and well-being, 4) Inclusive leadership and management, and 5) Effective marketing and communication.

2. **Integration of Functions:** It's essential for organizations to strategically align various functions (like finance, technology, and operations) to holistically improve productivity, rather than isolating productivity metrics.

3. **Delivery Chain Focus:** Productivity occurs across the entire delivery chain, starting from resource allocation to the final customer outcomes. Customer satisfaction is paramount.

4. **Importance of Intangibles:** Companies should recognize the value of intangible assets—such as *brand reputation* and *customer and/or supplier relationships*—as critical components for productivity and long-term success.

5. **Differentiate Between Productivity and Efficiency**: Organizations often confuse productivity with efficiency. While efficiency focuses on performing tasks better, productivity encompasses the overall effectiveness of how resources are transformed into outputs that meet customer needs. Successful firms adopt a long-term strategic perspective that considers multiple facets of productivity rather than isolated metrics.

6. **Customer-Centric Approach:** Ultimately, enhancing productivity is about creating better outcomes for customers. Organizations should ensure that their processes and operations are not only efficient but also centered on meeting customer demands and fostering loyalty.

7. **Role of Leadership**: Effective productivity management requires leadership commitment to align organizational goals and ensure buy-in from all staff. Utilizing performance indicators across different functions can align productivity metrics and enhance overall business performance.

Paul Enders, Head of Supply Chain Transformations, ASML

1. **Collaboration in Supply Chain Management:** Emphasizing the critical nature of collaboration, Paul Enders highlights that a supply chain is only as strong as its weakest link. Companies must work closely with suppliers, including sharing both *challenges and solutions*, to ensure collective readiness for growth and demand.

2. **Supplier Ecosystem**: About **80%** of ASML's value derives from collaborations within their supplier ecosystem. This entails a blend of not only tangible goods but also intellectual capital and joint investment.

3. **Proactive Supplier Engagement**: Paul Enders advocates for a proactive approach in managing upstream supply chains. Recognizing the interdependencies within the supply chain, it's essential to engage with *second- and third-tier suppliers* when their capabilities are strategically important to the business.

4. **Capability Development**: ASML realizes the importance of understanding and developing supplier capabilities. Regular audits and workshops are essential to

identify weaknesses across the board and foster improvement—much better than addressing issues one by one.

5. **Community Building**: Enders highlighted the importance of building a resilient community among suppliers and stakeholders. This includes organizing workshops and trainings for supplier leadership teams, to foster innovation and collaborative problem-solving.

6. **Training and Standardization**: Recognizing the skills gap in the workforce, ASML developed standardized training programs across suppliers to ensure that workers have the necessary skills for modern manufacturing processes. This can help mitigate the challenges of hiring and training technicians in a fast-paced environment.

7. **Strategic Alignment Over Partnership**: Instead of viewing all suppliers as partners, Paul Enders suggests a more *nuanced understanding*. Companies should assess the strategic importance of each supplier and their expected margins, rather than adhering to a blanket partnership narrative, which may not reflect the reality of their business relationship.

These insights reflect ASML's commitment to ongoing innovation, strategic supplier engagement, and the integration of advanced technologies to enhance operational effectiveness.

GEP WORKSHOP

Here are the five main lessons from the GEP Workshop, underscoring the shift towards a more technology-driven, efficient, and responsive procurement function.

1. **Embrace AI Agents:** The workshop emphasized leveraging AI agents to streamline procurement processes. These agents can manage multiple tasks across multiple systems and data flows, providing actionable insights that can significantly enhance daily operations, while reducing human intervention in repetitive tasks. This shift allows organizations to address inefficiencies without extensive manual intervention.

2. **Shift in Resource Allocation:** GEP noted that traditional procurement models should shift towards a more efficient allocation of resources. There's a need to "flip the pyramid" in resource allocation, moving resources from back-office functions to front-office roles. This shift focuses on reducing operational costs while enhancing service delivery and customer intimacy. AI has the potential to drastically reduce the need for human labor in routine tasks, potentially by 60-80%.

3. **Data Management and Integration:** The importance of effective data management was highlighted. Even imperfect data can be leveraged by AI agents to improve organizational processes and insights. AI can help unify and cleanse master data, which is vital for reducing late payments and improving overall process visibility. The AI Agents can help identify value gaps within contracts and invoices, enhancing decision-making by bridging gaps in data interpretation, providing clarity and context.

4. **Customer-Centric Approach:** Organizations should maintain a focus on customer centricity, both for internal and external customers. This requires agility in adapting to changing business needs while ensuring procurement practices deliver value.

5. **Skill Development and Roles:** The procurement landscape is changing, necessitating new skills. Future roles may focus more on managing AI tools and less on traditional procurement tasks, highlighting the need for training in digital and data management skills.

Sigrid Brendel, Strategic Advisor and former CPO/Procurement Executive at Campari group, Mondelez International and Kraft

1. **Feedback as a Strategic Asset**
   Procurement should systematically seek and use feedback from business units and strategic suppliers to identify performance gaps, build trust, and co-create improvement plans that deliver topline impact.

2. **Diagnosing Business Context to Drive Alignment**
   Organizations face different challenges (e.g., survival mode vs. profitable growth). Procurement leaders must understand their company's business challenge quadrant (based on margin development vs. revenue development) to tailor procurement strategies and priorities accordingly.

3. **Procurement's Role in Topline Impact**
   Modern procurement contributes directly to revenue through innovation, customer-centric sourcing, differentiation, and strategic partnerships. Examples include enabling new market entries, improving product quality, and enhancing customer experience.

4. **Developing Business-Driven Communication**
   Influence in the C-suite is built on clarity: articulate procurement's contribution

using enterprise KPIs (e.g., revenue, EBITDA) and outcome-based messaging aligned to CEO/CFO priorities.

5. **Strategic Transformation Using Business Models**
   Apply tools like the Business Model Canvas to procurement. This includes defining a clear procurement brand, mapping stakeholder personas, embedding commercial accountability, and leading supplier innovation forums.
6.
7. **Leadership & Capability for the Future**
   To remain relevant, procurement must cultivate AI literacy, design thinking, and cross-functional collaboration. Agility, stakeholder trust, and value creation must replace traditional cost-cutting mindsets.

Roundtable Discussions

Groups discussed the following questions:

Strategic Impact of Procurement on Top-Line Growth

1. *In what specific ways has your procurement function contributed to revenue growth in the past 2–3 years? (Think beyond cost savings—consider speed to market, supplier innovation, customer satisfaction, etc.)*
2. *How does procurement currently influence your company's product/service innovation pipeline? (What role do suppliers play in co-development, and how is this managed or incentivized?)*
3. *What opportunities exist for procurement to become more customer-centric in your organization? (How could procurement decisions be better aligned with customer needs or market differentiation?)*

Personal Role & Leadership

4. *What actions have you personally taken to position procurement as a driver of growth within your business? (Consider leadership behaviors, cross-functional engagement, or strategic initiatives.)*
5. *Where do you see the biggest gap between procurement's potential and current reality in your organization—and how might you help bridge it? (Reflect on culture, capabilities, systems, or perceptions.)*
6. *How do you measure and communicate the value procurement brings to growth, not just savings? (And what would you like to do differently here?)*

From the various group discussions, one topic stood out: the need to have an 'all in' seat at the leadership table

Having an "all in" seat at the leadership table for procurement means that the procurement function is fully integrated into the strategic decision-making processes of the organization. It implies active participation and engagement rather than just being an ancillary or supportive role. Here are some key aspects of what this entails:

- **Continuous Engagement**: Procurement leaders must be involved in discussions throughout meetings, not just during procurement-related topics. They need to understand and contribute to the overall strategy, similar to other roles like the CFO or marketing officers.
- **Understanding the Business**: Procurement professionals must deeply understand the business's strategy, its competitive landscape, and the challenges it faces. This knowledge allows them to bring valuable insights and solutions that align with the business goals.
- **Providing Competitive Advantage**: The procurement function should focus on how it can deliver competitive advantages, leveraging relationships with suppliers and external stakeholders to enhance business performance.
- **Strategic Influence**: Procurement's role is not just about cost savings but also about driving innovation, new product development, and collaborating across functions to enhance overall business strength.
- **Culture of Collaboration**: An "all in" seat indicates a culture where collaboration between procurement and other business units is encouraged. This includes establishing common goals and fostering strong interdepartmental relationships.

In summary, having an "all in" seat at the leadership table signifies that procurement is viewed as a crucial business driver and a key partner in shaping the company's strategic direction and is empowered to influence business decisions across the organization.

Frank Versteegh, former Airshow- & Air Race-pilot

Key themes and lessons derived from Frank Versteegh's reflections on aviation, risks, and safety:

1. **Importance of Communication**: Effective communication is essential in aviation and other high-stakes environments. The failure to communicate can lead to misunderstandings that may have serious consequences.

2. **Situational Awareness**: Being aware of one's surroundings and understanding the context of the situation is crucial for safety. This includes recognizing possible dangers and preparing adequately for different scenarios.

3. **Learning from Mistakes**: Mistakes are inevitable; the focus should be on learning from them rather than punishing individuals. Cultivating an environment where people can speak freely helps to prevent repetition of errors.

4. **Preparation and Training:** Thorough preparation and continual training are vital to handling unexpected situations effectively. Familiarity with emergency procedures and risk management can significantly enhance safety.

5. **Human Factors in Safety:** Recognizing the inherent fallibility of human beings is important in addressing safety. Many accidents stem from human error; thus, creating systems that accommodate human limitations can help prezent accidents.

End of summary