

# Risk Management Study

Survey Results “Risk Management in  
Procurement”



# Management Summary



# Top risks remain but are less dominant, as the risk landscape shifts to a poly-risk environment with equally relevant challenges



## Poly-risks shape business priorities

- Top business risks like **rising energy prices** and **inflation** with **increased prices for raw materials** and **pre-products** remain critical but have declined in impact compared to 2022, thereby creating a **poly-risk environment** where challenges are equally relevant and lack clear prioritization
- **Market and price volatility** continues to be a major concern for businesses, with **over 50% of participants** indicating that it has resulted in **increased cost pressure**, **higher procurement costs**, and **greater financial uncertainty**
- **Price and supply risks** emerge as **top procurement risks**, while **quality** and **compliance risks** have gained significant importance compared to 2022, resulting in many risks being viewed as **equally important**



## Increased focus on risk assessment, but tools and dedicated resources remain underrepresented

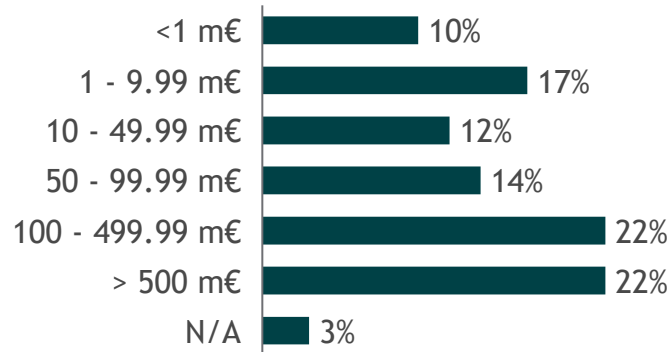
- Participants highlight the growing importance of **risk assessment**, focusing on regular supplier evaluations, while measures such as dual sourcing and stock increases have decreased as a result of **lower demand volatility** and a **focus on cash management** due to increased financing costs
- **Supply chain regionalization**, including nearshoring, will be the main strategy in the **restructuring of supply chains** over the next 5 years, accompanied by a **shift to a consolidated supplier base** with fewer suppliers, resulting in **anticipated higher costs**
- However, the **necessary tools** and **resources** for sustainable implementation are **not yet in place** highlighting a **reliance on reactive measures** rather than proactive risk management strategies

# Study Design & Participants

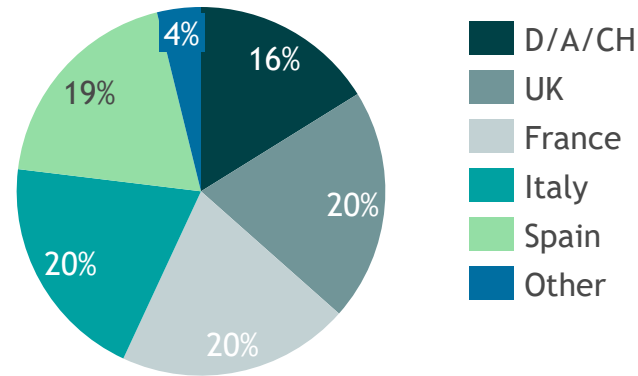


# Study participants from diverse sectors equally spread across major EU markets and >40% with annual turnover exceeding €100M

Turnover per year



Location of Headquarter



Online Survey



Anonymized survey evaluation

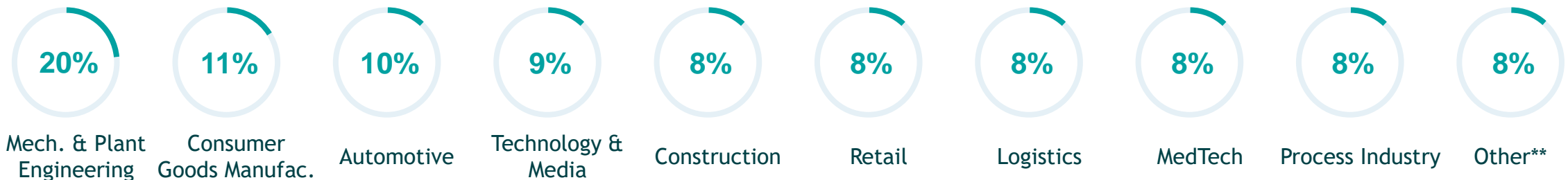


260 Participants



18. Oct. - 04. Nov. 2024

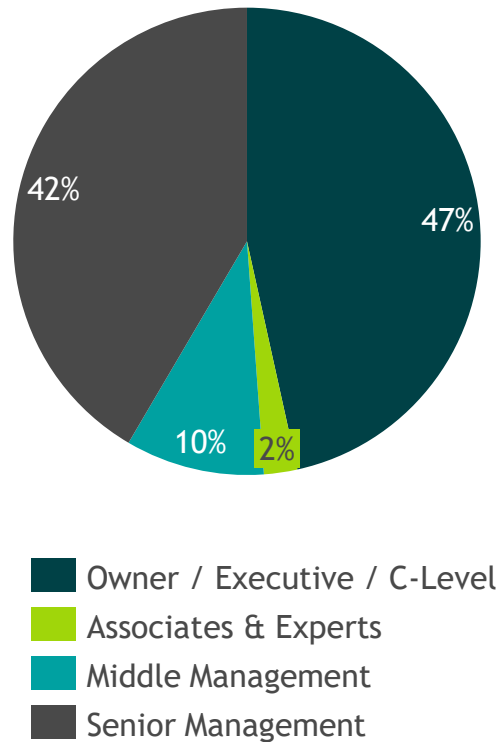
In which sector does your company operate?



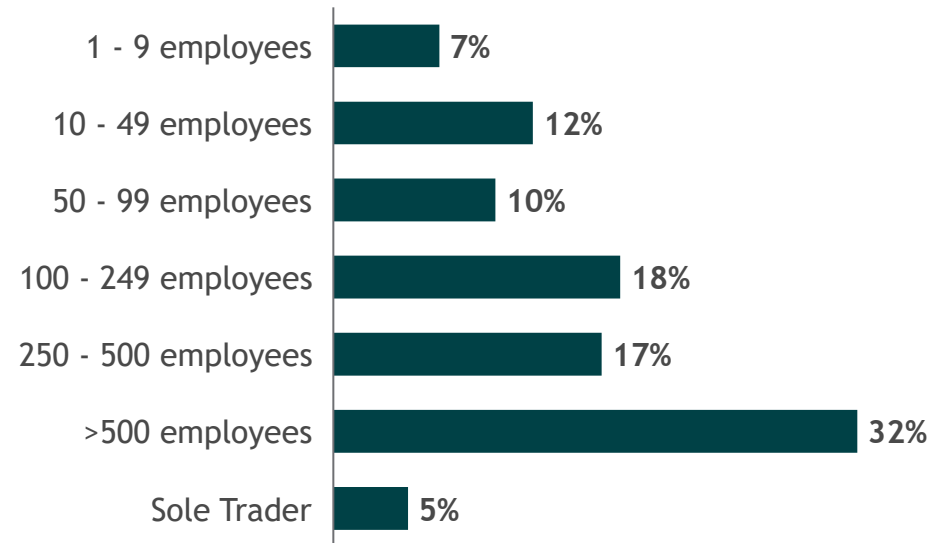
- \*e.g. Denmark, UAE, Saudi Arabia and more;
- \*\*e.g. HVAC, Energy, Defense and more

The study features 87% of participants in C-level or senior management roles, with over 32% representing organizations of 500+ employees.

Participant roles by functional level



Size of the organization

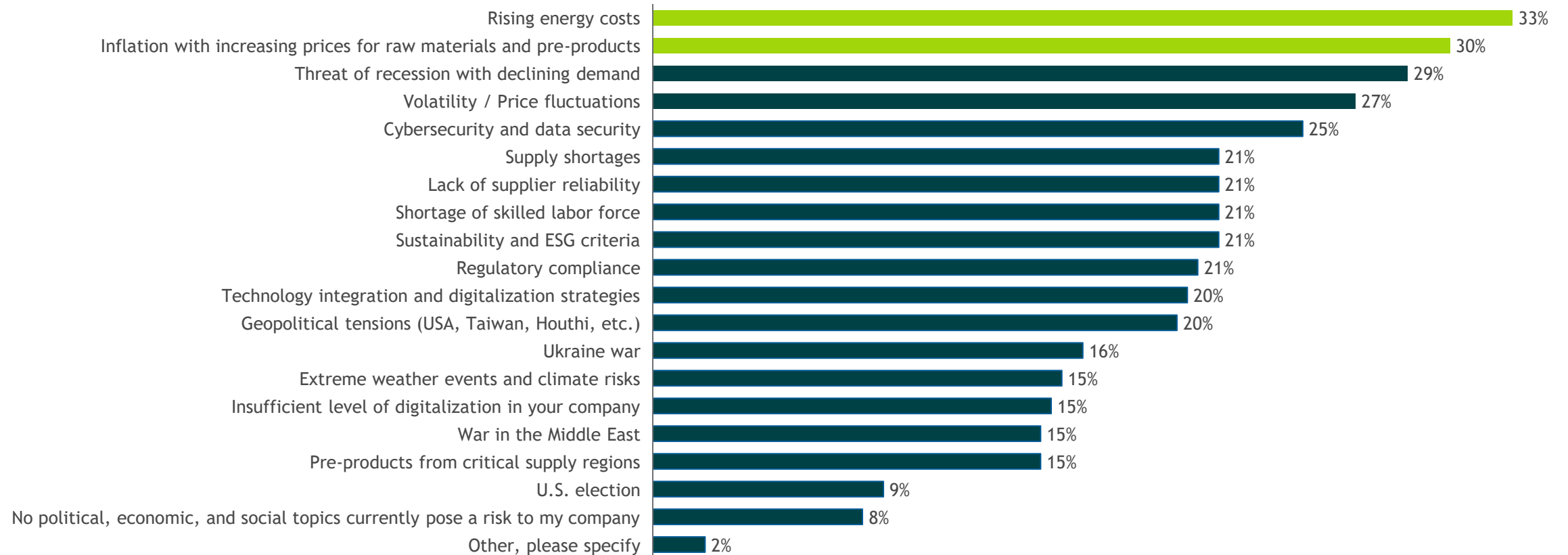


# Study Design & Participants



# Energy costs, inflation, and recession remain key challenges in a broader poly-risk environment, with compliance and ESG risks gaining importance

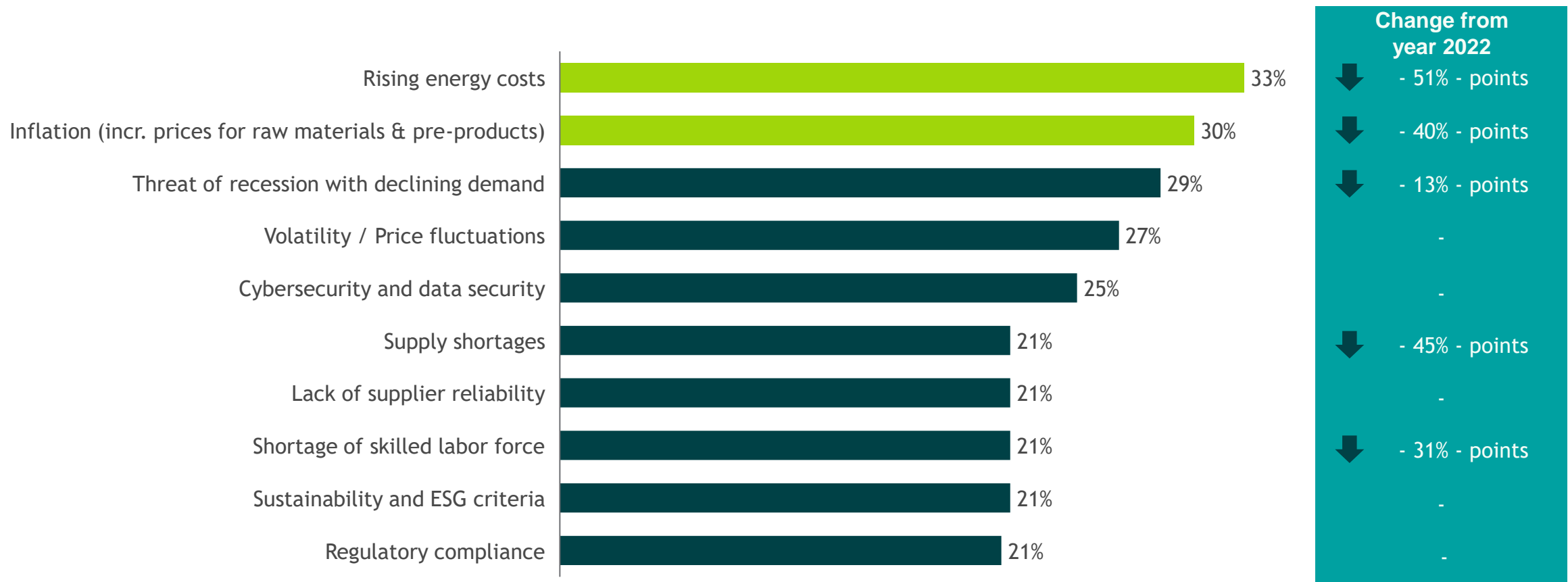
To what extent do the following political, economic, and social issues currently pose a risk for your company?<sup>1</sup>



<sup>1</sup> Multiple responses possible

# Compared to 2022, previously dominant challenges like energy costs, inflation, and recession have evolved into equally significant poly-risks

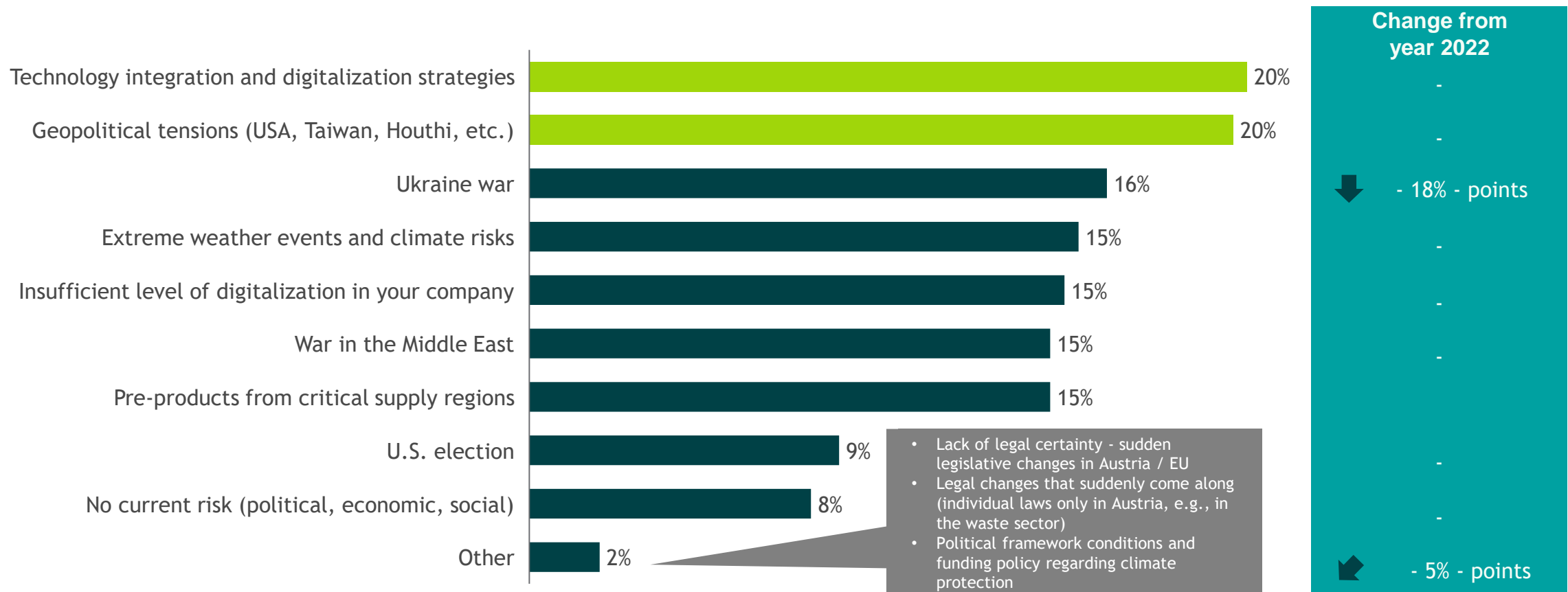
To what extent do the following political, economic, and social issues currently pose a risk for your company?<sup>1</sup>



<sup>1</sup> Multiple responses possible; - Comparison to year 2022 not possible as new response option added in 2024

# Digitalization, geopolitical tensions, and regional conflicts highlight the ongoing complexity of today's risk environment of businesses

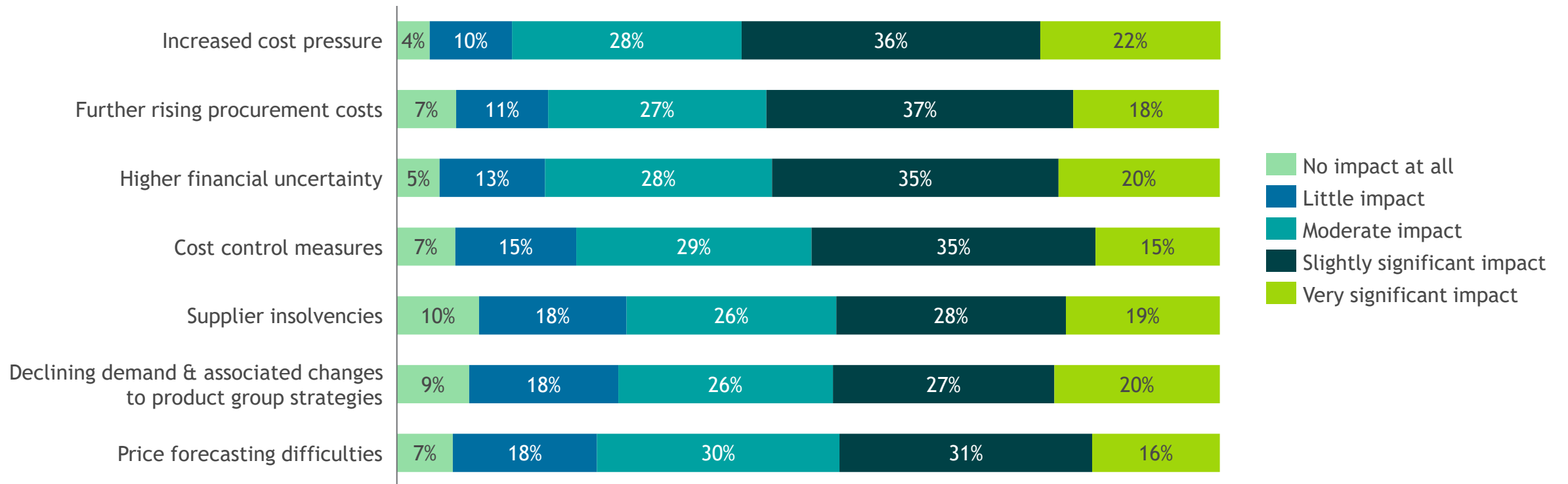
To what extent do the following political, economic, and social issues currently pose a risk for your company?<sup>1</sup>



<sup>1</sup> Multiple responses possible; - Comparison to year 2022 not possible as new response option added in 2024

# Market and price volatility is driving increased cost pressure, higher procurement costs, and greater financial uncertainty

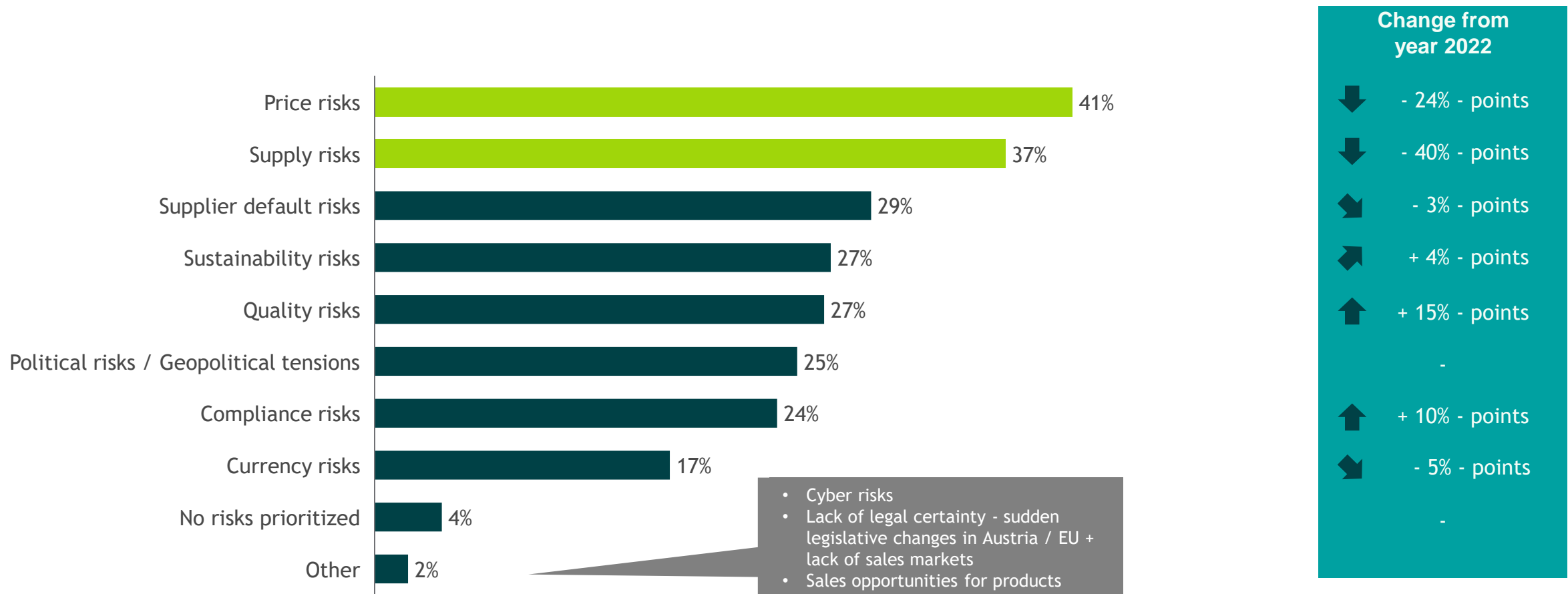
What impact, if any, do you expect from the following factors due to current market and price volatility for procurement?<sup>1</sup>



<sup>1</sup> Multiple responses possible

# Price and supply risks still dominate, but further risks have grown in significance, reducing the dominance of clear top risks seen in 2022

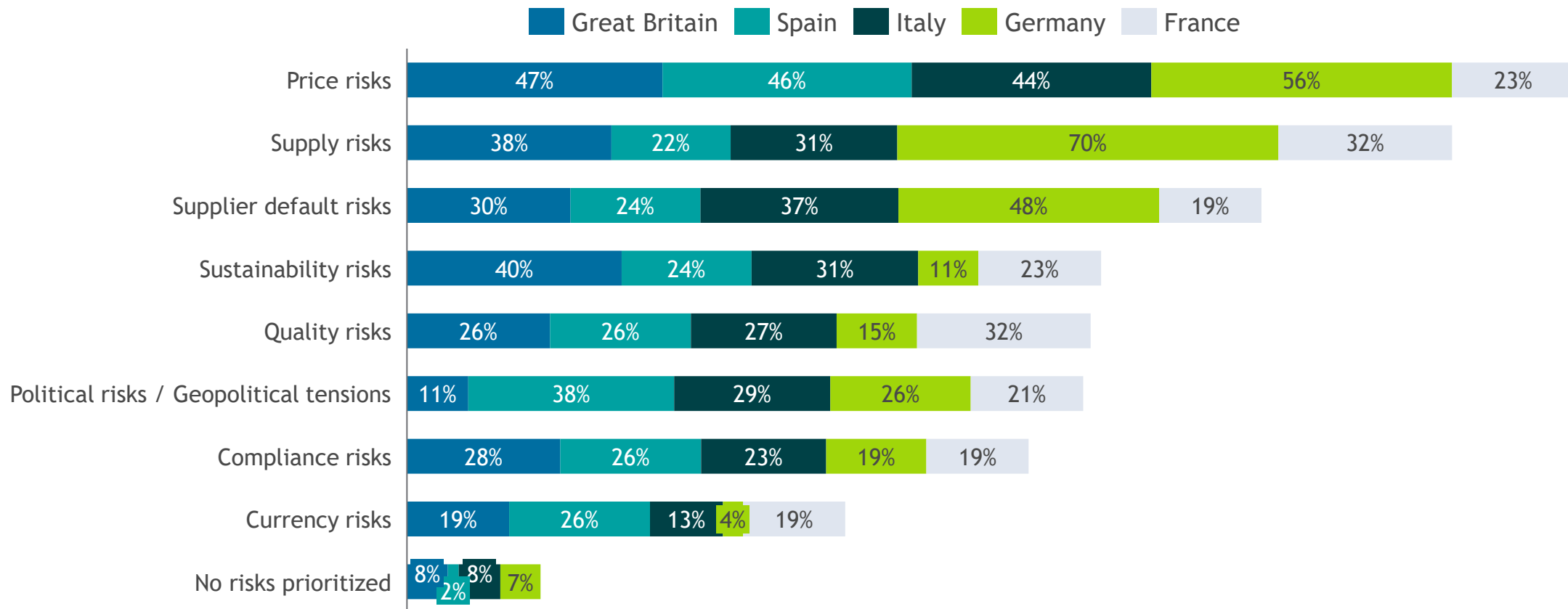
Which risks currently have the highest priority for procurement?<sup>1</sup>



<sup>1</sup> Multiple responses possible; - Comparison to year 2022 not possible as new response option added in 2024

# Different countries prioritize procurement risks differently, with varying emphasis on price, supply and sustainability risks

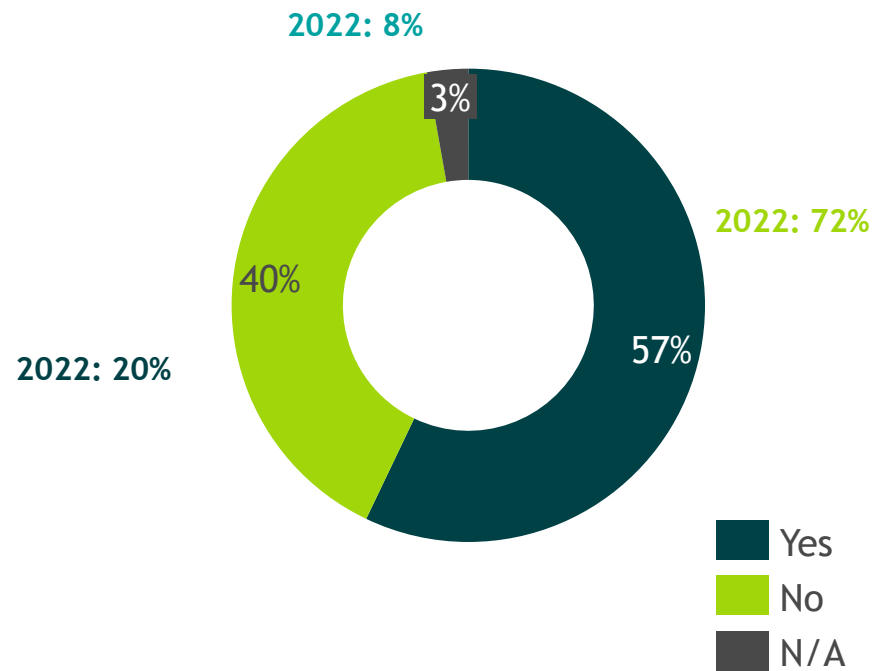
Which risks currently have the highest priority for procurement?<sup>1</sup>



<sup>1</sup> Multiple responses possible; - Comparison to year 2022 not possible as new response option added in 2024

# Causes of supply shortages, driven by capacity bottlenecks and disruptions, more balanced than in 2022, with supplier insolvencies increasing

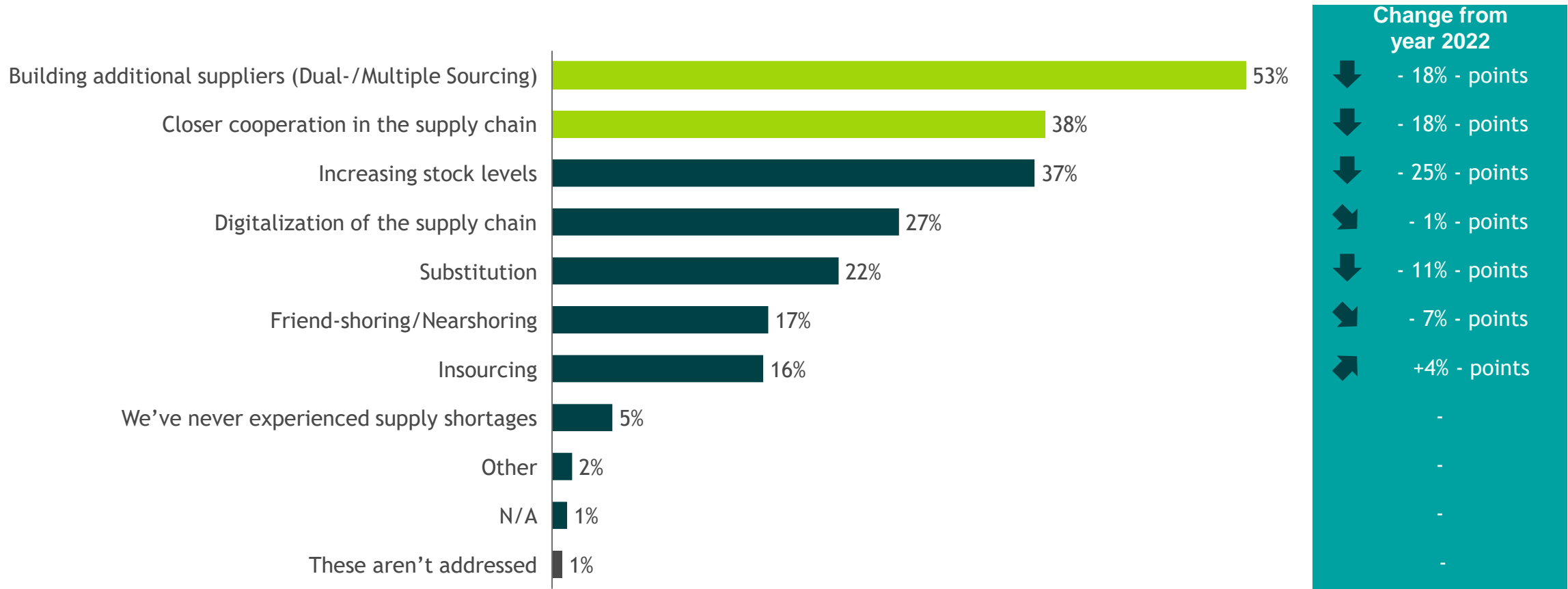
Have you experienced supply shortages in the last 6 months? If so, what were the main reasons?<sup>1</sup>



<sup>1</sup> Answered only by those, who answered with yes; multiple responses possible

# Dual sourcing and increasing stock levels remain key strategies to address supply shortages

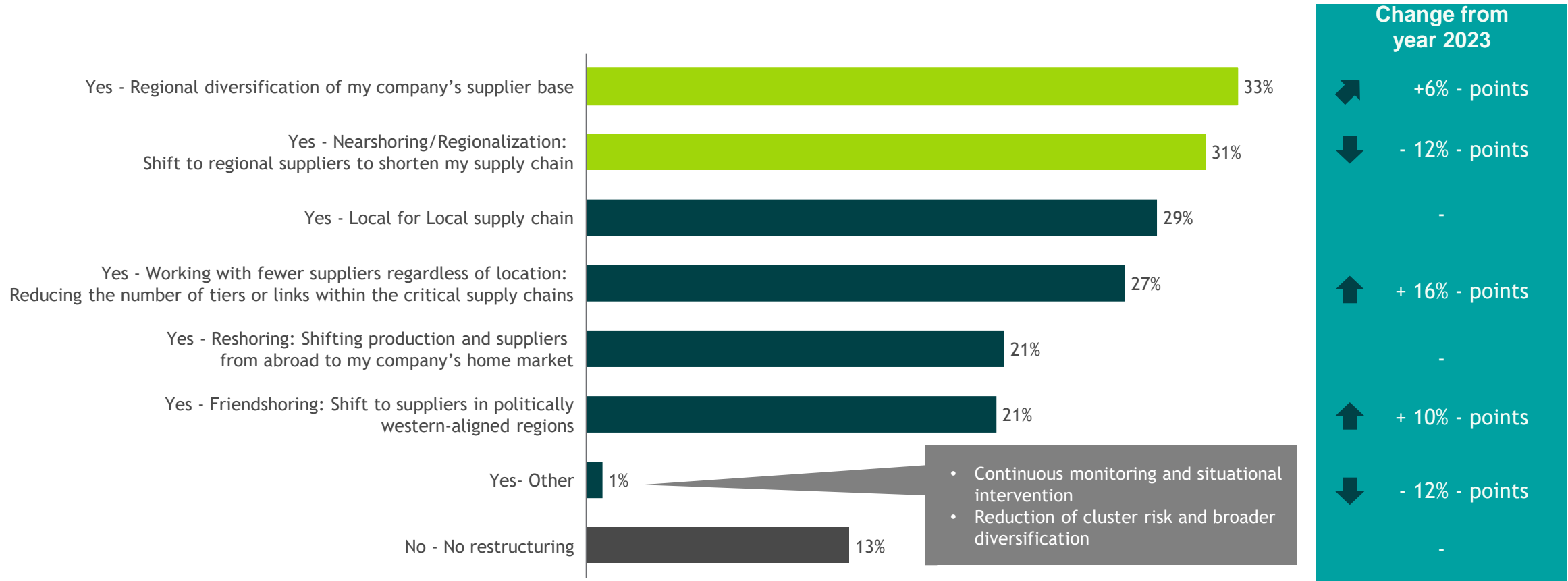
How do you address supply shortages?<sup>1</sup>



<sup>1</sup> multiple responses possible; - Comparison to year 2022 not possible as new response option added in 2024

# Regionalization and consolidation of supplier base signify the key approaches to supply chain restructuring in the upcoming years

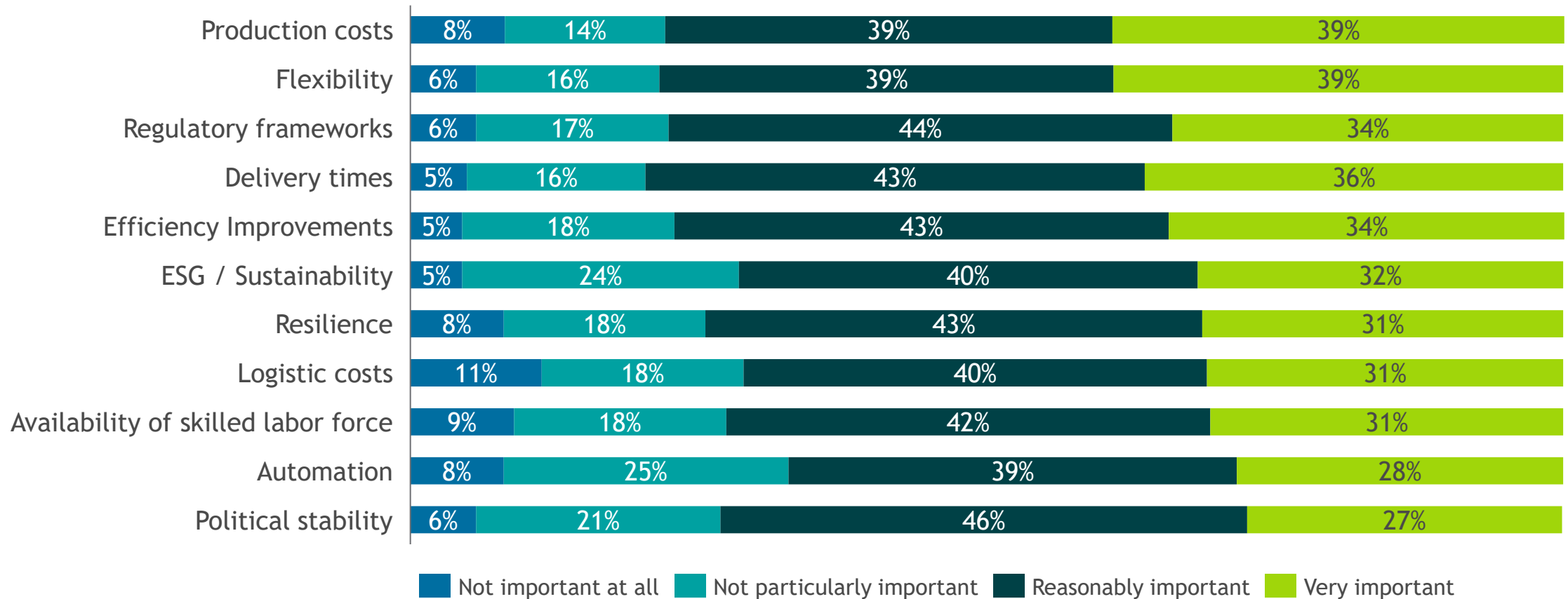
Do you plan to restructure your supply chains in the next 5 years? If yes, what is your primary approach?<sup>1</sup>



<sup>1</sup> Multiple responses possible; - Comparison to year 2023 not possible as new response option added in 2024

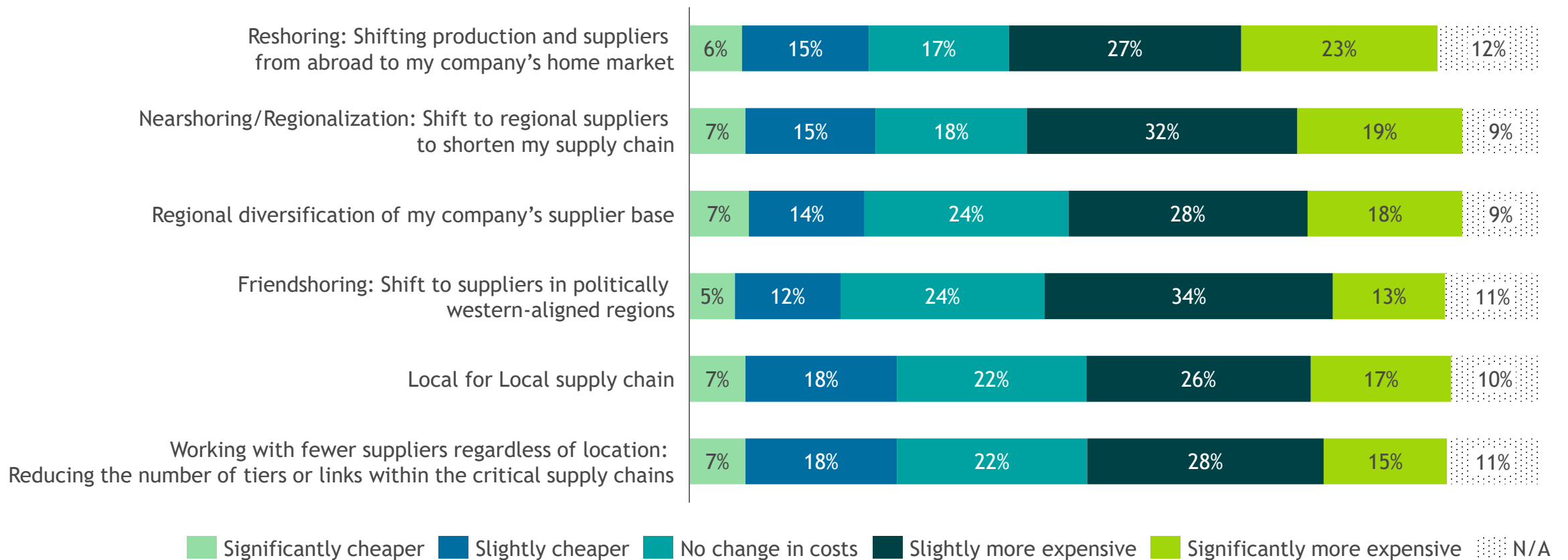
# Production costs, flexibility, and regulatory frameworks represent the primary drivers of supply chain restructuring

How important, if at all, are the following criteria in influencing the restructuring of your supply chain?



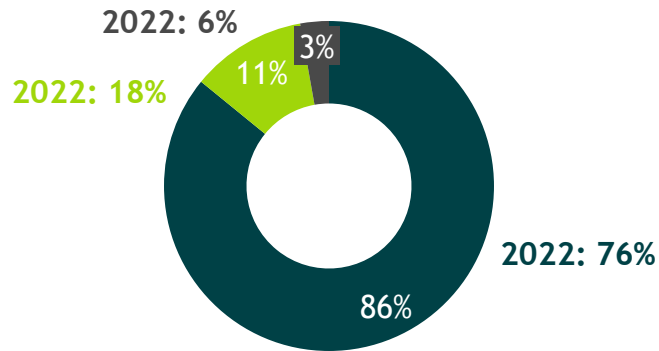
# Over 50% of participants expect higher costs resulting from the restructuring of supply chains towards regional supply and a consolidated supplier base

What change in costs, if any, do you expect as a result of the planned changes in the supply chain?



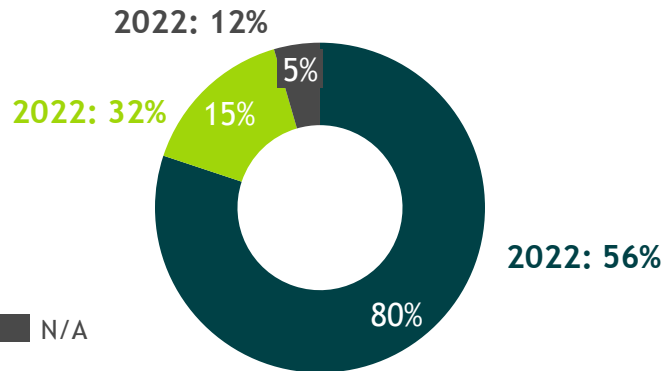
# Stronger risk management with data-driven measures like early risk detection and AI integration gains importance

Do you systematically assess and evaluate risks?



■ Yes ■ No ■ N/A

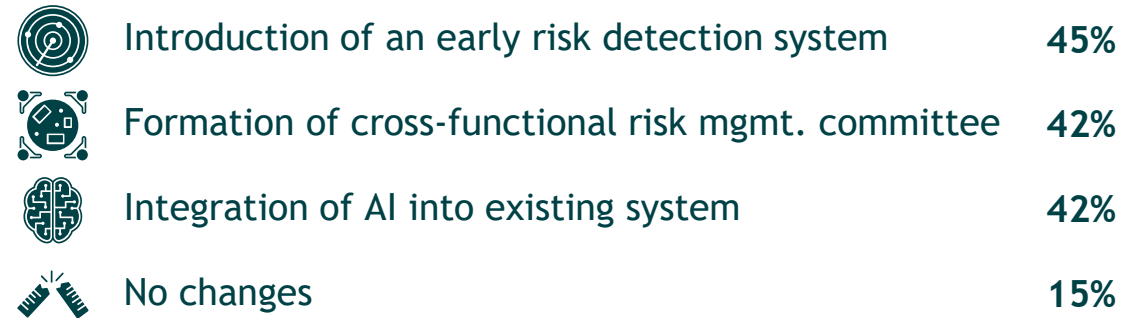
Do you define measures to address procurement risks?



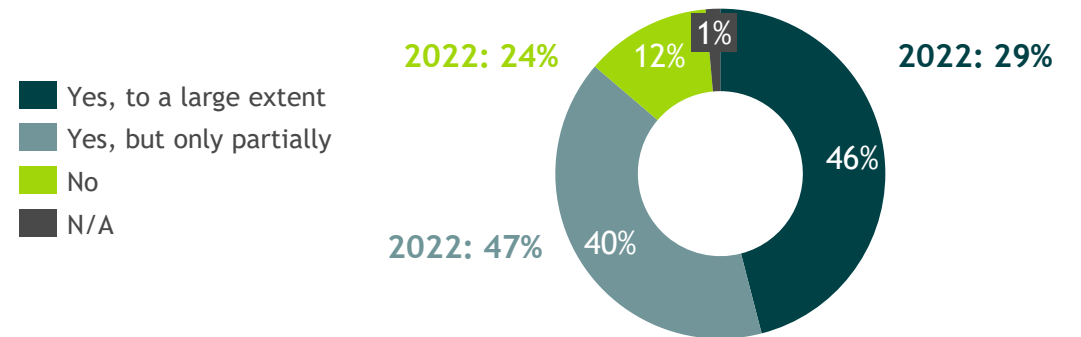
■ Yes ■ No ■ N/A

<sup>1</sup> Answered only by those, who assess and evaluate risks; multiple answers possible

Has your company's risk management changed in the past 2-3 years, and if yes, how?<sup>1</sup>

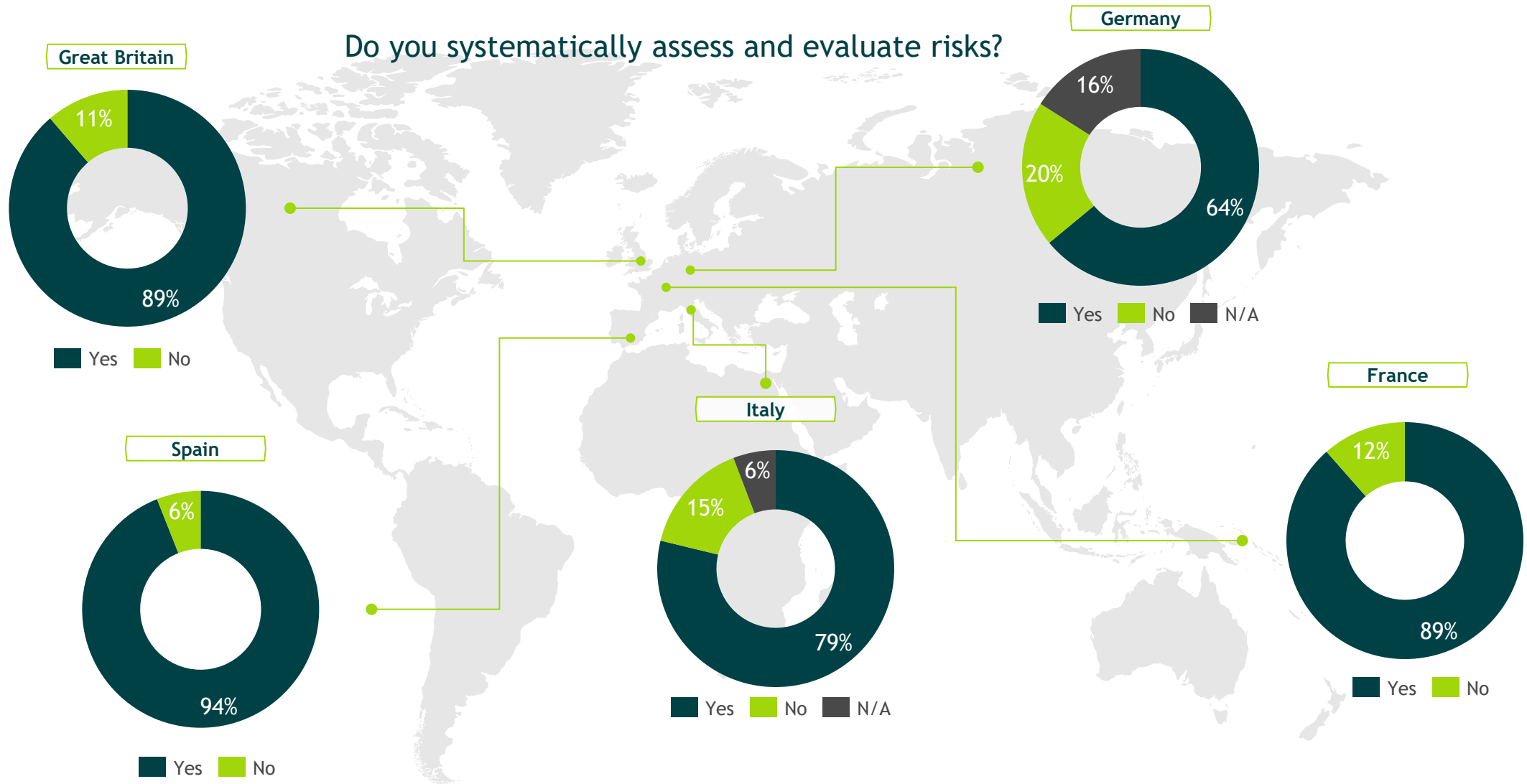


Do you use digital tools and methods for risk assessment and evaluation?<sup>1</sup>



■ Yes, to a large extent  
 ■ Yes, but only partially  
 ■ No  
 ■ N/A

# There are significant differences among countries regarding the systematic assessment and evaluation of risks



# Different industries assess and evaluate risks to varying degrees with differing levels of change over the past 2-3 years

Do you systematically assess and evaluate risks?

Yes No N/A



Has your company's risk management changed in the past 2-3 years, and if yes, how?<sup>1</sup>

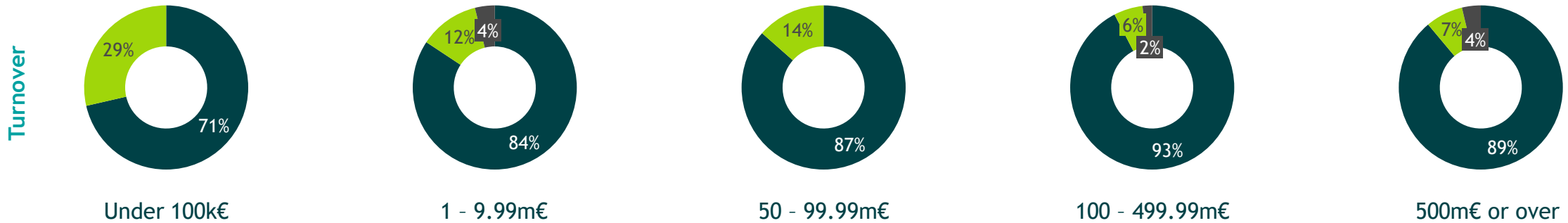
	Mech- & Plant Engineering	Automotive	Consumer Goods Manufac.	Retail	Technology & Media
Introduction of an early risk detection system	41%	54%	48%	45%	39%
Formation of cross-functional risk mgmt. committee	50%	58%	37%	40%	44%
Integration of AI into existing system	36%	42%	37%	40%	50%
No changes	14%	8%	11%	25%	- %

<sup>1</sup> Answered only by those, who assess and evaluate risks; multiple answers possible

# Higher turnover drives a greater focus on risk assessment with companies in this category having seen more changes in their risk management

Do you systematically assess and evaluate risks?

Yes No N/A

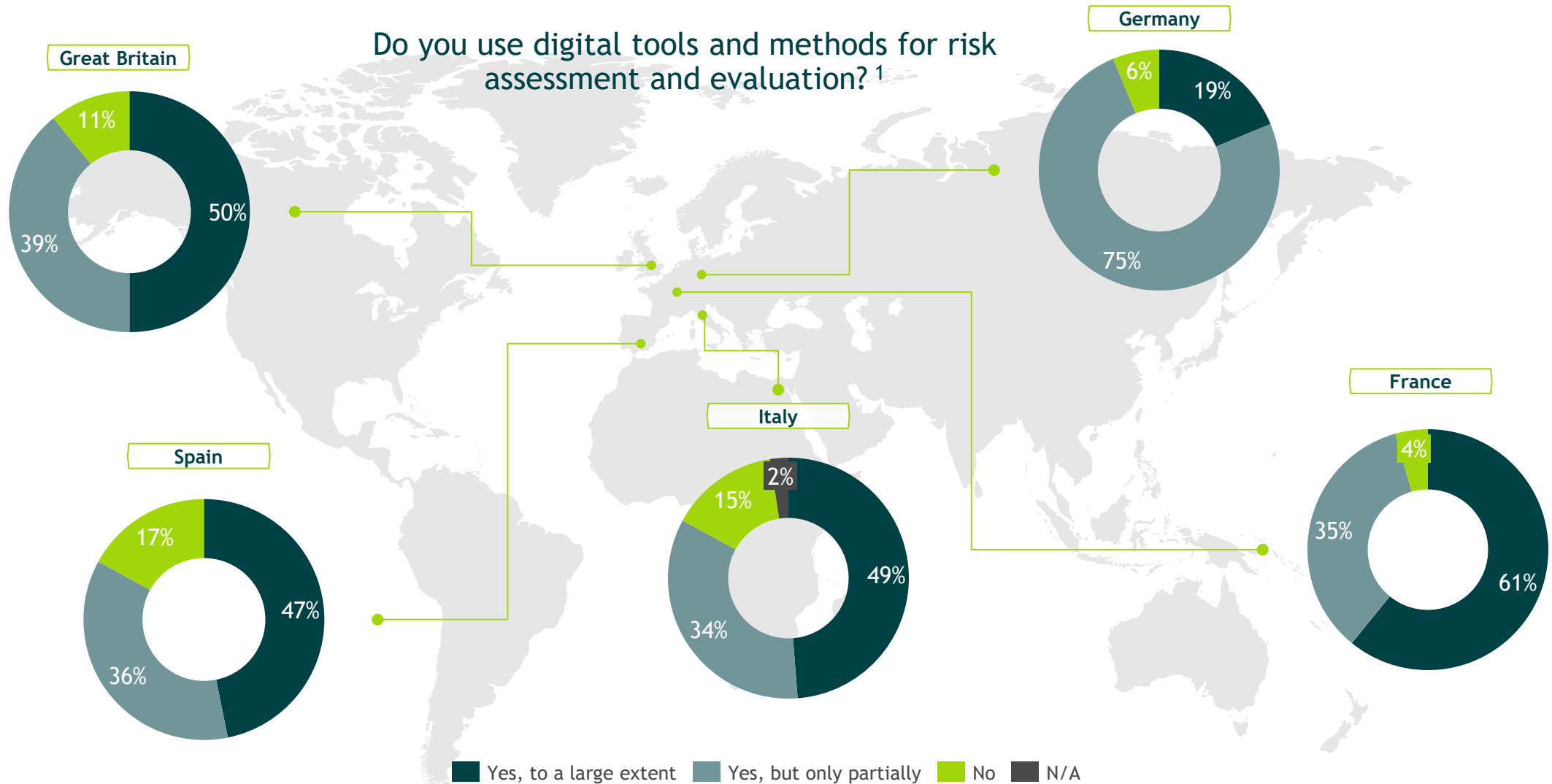


Has your company's risk management changed in the past 2-3 years, and if yes, how?<sup>1</sup>

	Under 100k€	1 - 9.99m€	50 - 99.99m€	100 - 499.99m€	500m€ or over
Introduction of an early risk detection system	10%	30%	41%	57%	65%
Formation of cross-functional risk mgmt. committee	- %	19%	47%	57%	52%
Integration of AI into existing system	10%	40%	47%	65 %	40%
No changes	80%	23%	3%	4%	15%

<sup>1</sup> Answered only by those, who assess and evaluate risks; multiple answers possible

# Countries differ in their adoption of digital tools for risk assessment, ranging from widespread use to only partial adoption

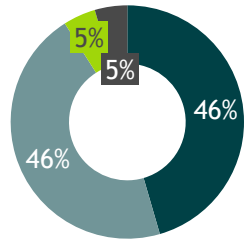


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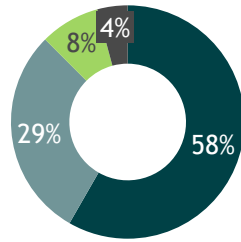
# Procurement risk measures are defined to different extents across industries with different levels of digital tools utilization

Do you use digital tools and methods for risk assessment and evaluation?<sup>1</sup> ■ Yes, to a large extent ■ Yes, but only partially ■ No ■ N/A

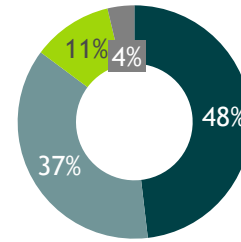
Industry



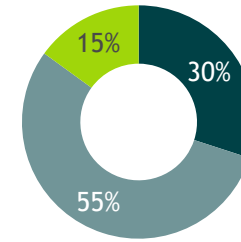
Mech- & Plant Engineering



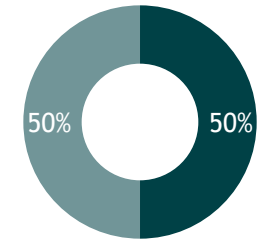
Automotive



Consumer Goods Manufac.



Retail

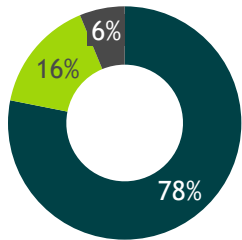


Technology & Media

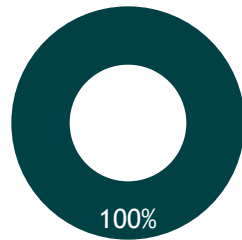


Do you define measures to address procurement risks?

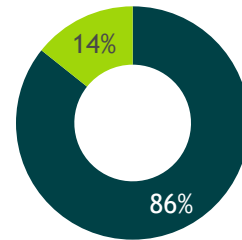
■ Yes ■ No ■ N/A



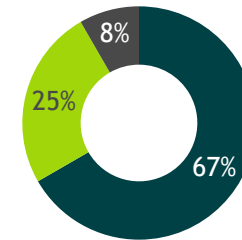
Mech- & Plant Engineering



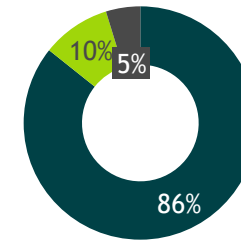
Automotive



Consumer Goods Manufac.



Retail

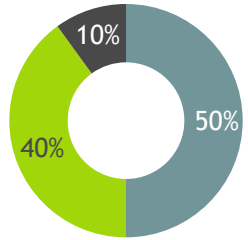


Technology & Media

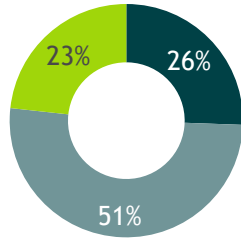
<sup>1</sup> Answered only by those, who assess and evaluate risks

# Companies with higher turnover are more likely to define measures to address procurement risks and make greater use of digital tools for risk evaluation

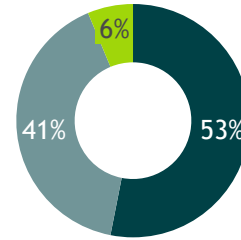
Do you use digital tools and methods for risk assessment and evaluation?<sup>1</sup> ■ Yes, to a large extent ■ Yes, but only partially ■ No ■ N/A



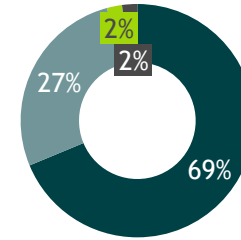
Under 100k€



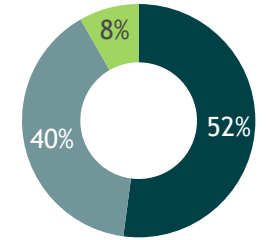
1 - 9.99m€



50 - 99.99m€



100 - 499.99m€



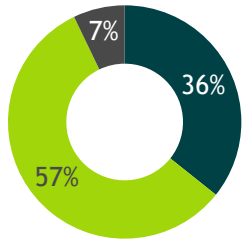
500m€ or over

Turnover

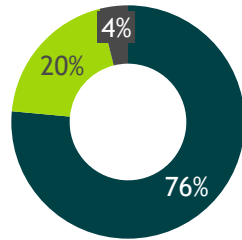


Do you define measures to address procurement risks?

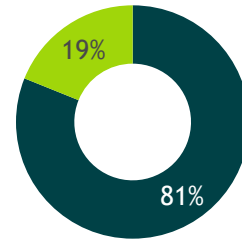
■ Yes ■ No ■ N/A



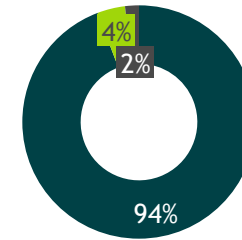
Under 100k€



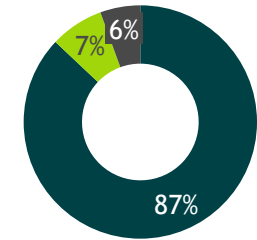
1 - 9.99m€



50 - 99.99m€



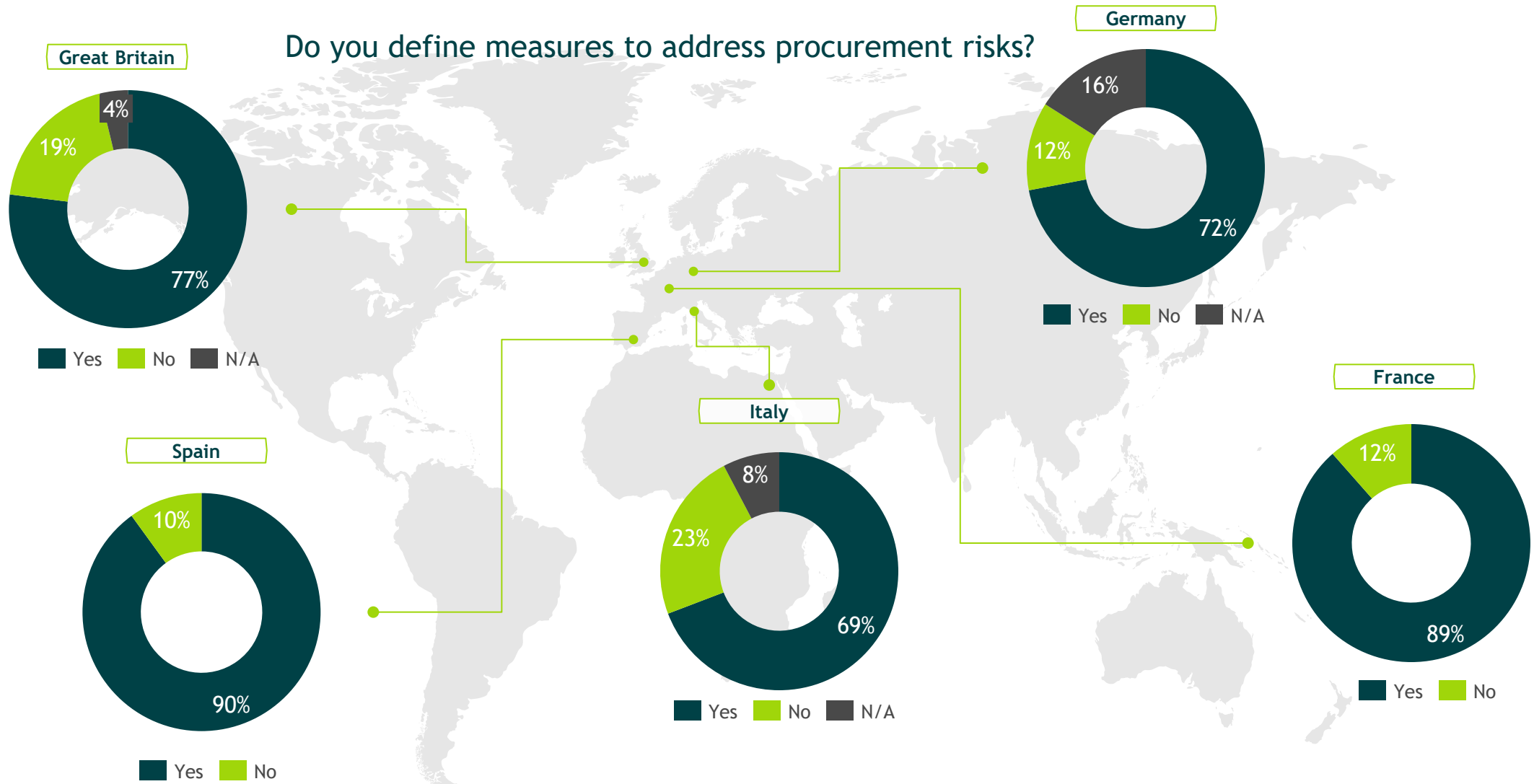
100 - 499.99m€



500m€ or over

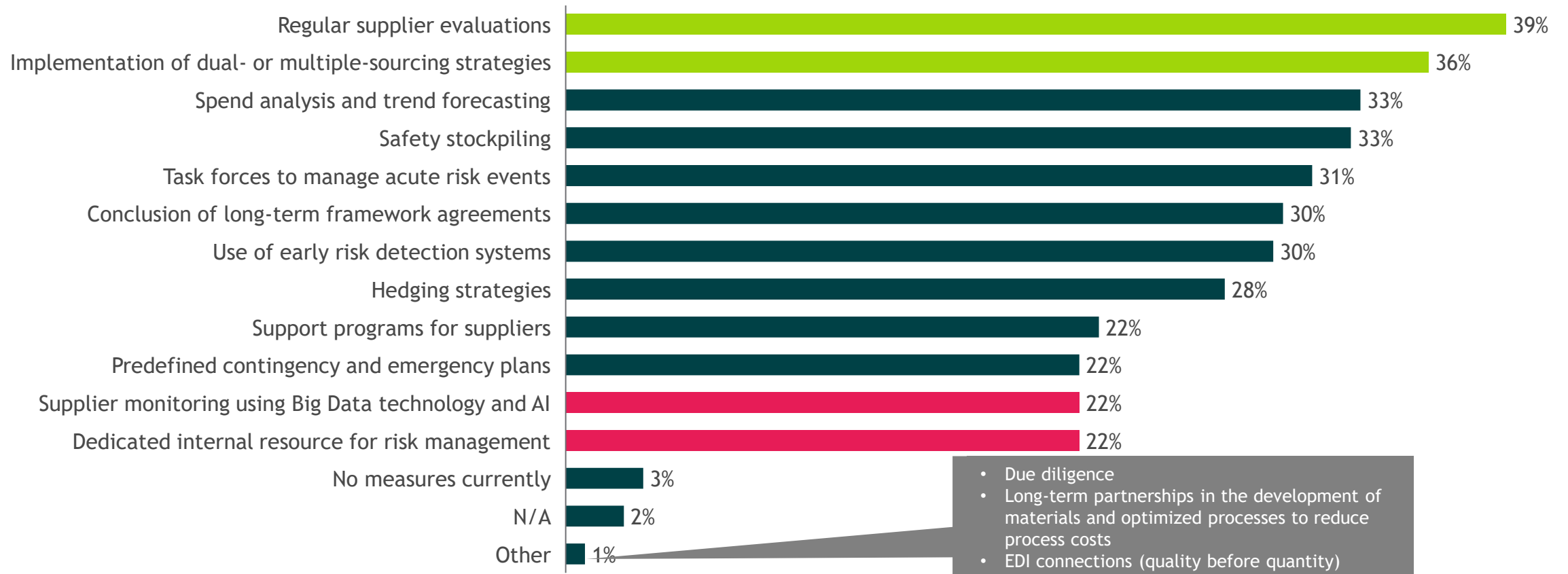
<sup>1</sup> Answered only by those, who assess and evaluate risks

# Different countries prioritize the definition of measures to address procurement risks to varying degrees



# Tools and dedicated resources remain underrepresented, with a focus on reactive rather than proactive risk management and a lack of prioritization

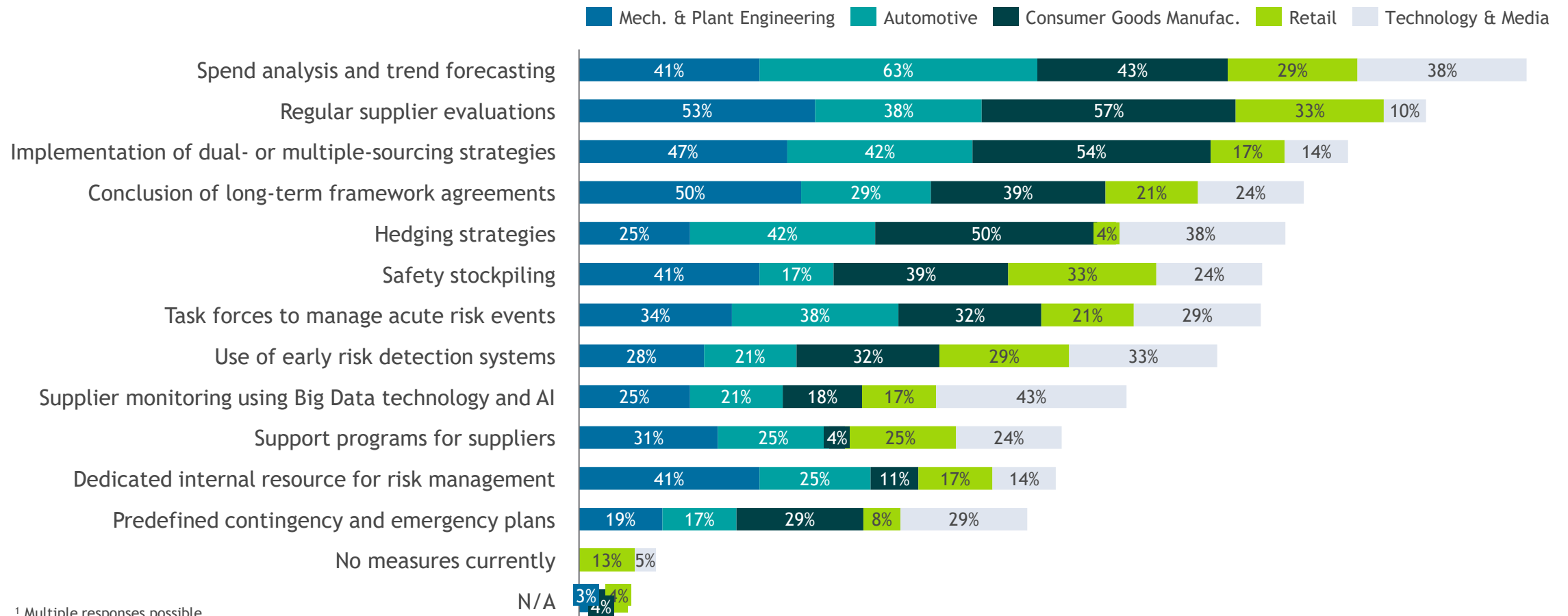
What measures, if any, do you take to address procurement risks?<sup>1</sup>



<sup>1</sup> Multiple responses possible

# Organizations in different industries take different actions to manage procurement risk, reflecting different priorities and challenges

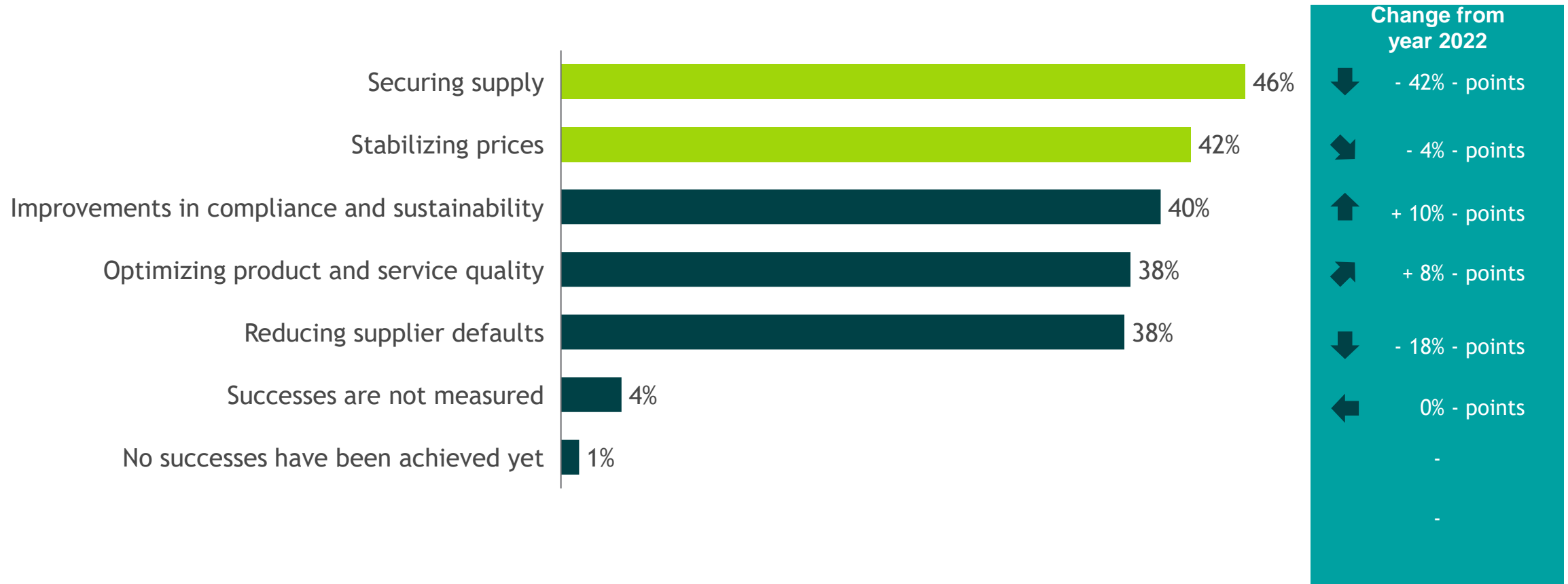
What measures, if any, do you take to address procurement risks?<sup>1</sup>



<sup>1</sup> Multiple responses possible

# Procurement risk management contributes to maintaining supply security, price stability, and driving improvements in compliance and sustainability

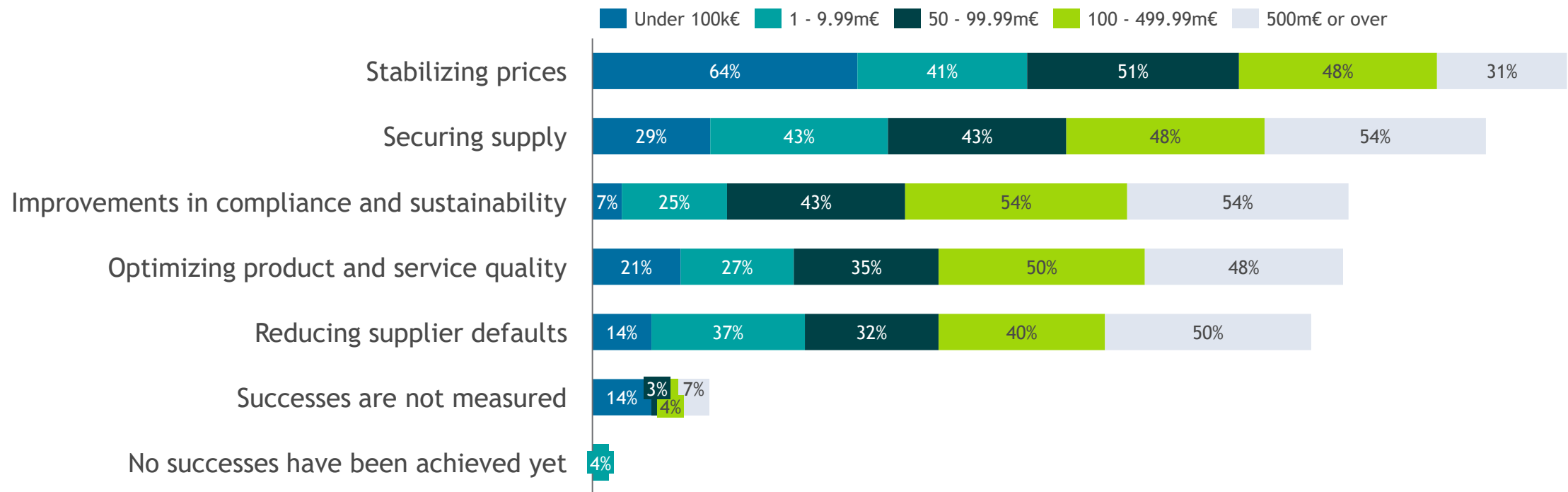
What successes have you achieved with your procurement risk management, if any?<sup>1</sup>



<sup>1</sup> Multiple responses possible

# Stronger procurement risk management in high-turnover companies enhances sustainability improvements, while smaller firms can stabilize prices

What successes have you achieved with your procurement risk management, if any?<sup>1</sup>



<sup>1</sup> Multiple responses possible

# Recommendations for Action



# Strengthen the resilience of your organization by integrating proactive risk management, digital tools, and a culture of awareness across all levels



## Strengthen Resilience through Proactive Risk Management

- Ensure **dedicated/sufficient resources** for risk management to enhance **proactive risk mitigation**
- Expand your set of countermeasures to **address rapidly growing risks**, such as supplier insolvencies, by ensuring **appropriate sourcing options** (dual-source, regional diversity) and **smart inventory management**
- Train the **Risk Management muscle** to build **competitive advantage** by showing clients risks are **managed proactive**



## Implement Digital Tools to Strengthen Risk Management Processes

- Leverage **digital tools** to enhance **transparency** across your supply chain
- Expand the use of **data-driven tools** for **early risk detection**, such as **AI integration** and **automated monitoring** of early warning indicators to **detect potential disruptions** and **initiate countermeasures**



## Promote a Proactive Risk Management Culture

- **Don't lower your risk mitigation efforts** just because super critical risks declined. Keep an eye on the **broad range of risks** - the poly risks are real
- Anchor risk management in your **organization's "DNA"** by establishing a **risk control tower** to monitor emerging risks
- Establish **cross-departmental processes**, **clear responsibilities**, and the **necessary data** for active risk management, while **empowering your organization** with training and digital tools

## Responsible Contacts



**Sebastian Wellmann**  
Associate Director



**Jan-Dirk Albers**  
Senior Project Manager

### Contact Details

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