

## Procurement Excellence: Driving Additional EBITDA Margins and Strategic Impact

### Procurement Leaders Achieve a 5% Additional EBITDA Margin

Chief Procurement Officers (CPOs) are now prioritizing end-to-end margin management, solidifying procurement's strategic role within companies. After years of advocating for this position, procurement leaders have finally achieved it. However, this new environment also reveals weaknesses in organizational processes, tools, and digital infrastructure. Executives often struggle with limited visibility into total spend, inaccurate data, and difficulties integrating data from multiple sources to form a comprehensive and accurate category view.



### Achieving Procurement Excellence

There are no shortcuts to procurement excellence. High-performing procurement functions excel across multiple maturity dimensions, not just one or two. Our data shows that leaders consistently outperform laggards in six key areas: procurement strategy, category management, digital capabilities, data and analytics, organizational structure, and skills.



### Digital Makes the Difference

Top performers have maturity scores at least 40% higher than average in strategy, digital capabilities, and data and analytics. The best procurement organizations understand that success in today's fast-paced environment hinges on data-driven decision-making. They have invested in the digital infrastructure, analytical tools, and capabilities necessary to achieve this goal.

### Size Doesn't Matter Anymore

Advances in technology are levelling the playing field for smaller organizations. Sophisticated analytics tools and data platforms are now accessible through lightweight, cloud-based, or modular deployments. This makes it easier and more cost-effective for organizations of all sizes to access the digital capabilities they need.

### For small businesses, these technological shifts can be transformative

As we look ahead, the ability to adapt, innovate, and harness the power of data-driven decision-making will be crucial to achieving procurement excellence in the next decade and beyond.

Excerpts from [McKinsey's report on where procurement is heading next](#).