

Commodity Group Roadmap: Strategic Planning of Procurement Priorities

The commodity group roadmap is a strategic planning instrument of procurement that defines which commodity groups are to be addressed in which period and with which measures. It ranks categories by importance, leverage potential and readiness for action and translates this into a chronological sequence of concrete projects. This prevents resources from being spread across non-critical areas while high-cost or high-risk commodity groups remain untapped. For technical buyers, it is the control framework between commodity strategy and day-to-day operations.

Key facts

- The commodity group roadmap prioritises commodity groups by leverage, risk and status of work completed and defines the work plan for typically twelve to 36 months.
- It is usually based on an ABC/XYZ analysis combined with a category assessment of attractiveness and competitive position.
- It links strategic measures such as sourcing strategy, supplier qualification or price index linkage with concrete milestones and responsible parties.
- Typical target metrics are spend under management, savings rate, supplier consolidation and contract coverage.
- In practice, the roadmap is reviewed quarterly and adjusted in response to changes in markets, requirements or suppliers.
- Without reliable master data and material classification, the roadmap remains purely hypothetical; Master Data Governance is an essential prerequisite.

Definition: commodity group roadmap

The commodity group roadmap is a time-structured work programme that defines the order in which commodity groups are analysed, strategically realigned and operationally implemented. It is thus the link between portfolio analysis and the procurement project portfolio.

Distinguishing it from the commodity strategy

The commodity strategy describes the target vision for a single commodity group: market configuration, number of suppliers, contract models and pricing. The commodity group roadmap, by contrast, answers the question of when which commodity group will be addressed with which strategy. It bundles several strategies into an overarching plan and prioritises them against the available buyer capacity. In practice this means: the strategy provides the what, the roadmap the when and who. Only the combination of both makes procurement strategy plannable and accountable to senior management.

- Commodity strategy: target vision per commodity group
- Roadmap: sequence, schedule, resources
- Common basis: portfolio and market analysis

Position within the procurement process

The roadmap sits within strategic procurement controlling and draws on several sources: spend analysis, demand forecasts from engineering, supplier risks and market price developments, e.g. as measured via a price index. The results then flow into concrete measures such as requests for quotation, supplier qualification or contract negotiations. The control loop is important: insights from day-to-day operations, such as frequent urgent orders or quality defects in a commodity group, are fed back and can change the prioritisation. This keeps the roadmap a living management tool rather than a one-off paper product.

Methods and approach for creating a commodity group roadmap

Creation typically follows a four-stage process: spend analysis, assessment, prioritisation and action plan. Each stage produces interim results that later form the basis for procurement controlling and reporting.

Spend analysis and material classification

Without clean spend data, there is no reliable roadmap. The starting point is a consistent material classification, often based on commodity group schemes or standard catalogues, supported by Master Data Governance. In this phase, spend under management is determined, suppliers are counted per category, price developments are checked against a suitable price index and peak demand periods are identified. Anomalies such as many urgent orders, open framework agreements or a low invoice automation rate indicate a need for operational improvement, which is also included in the roadmap.

- Consolidate spend by commodity group and supplier
- Check data quality and classification
- Include operational indicators such as the share of urgent orders

Assessment and prioritisation

The classic assessment is along two axes: business relevance (volume, criticality for the specification, revenue relevance) and market complexity (supplier concentration, substitution options, risk situation). This produces a portfolio that justifies different treatment paths: strategic partnerships for leverage and key commodity groups, efficiency measures and standardisation for marginal items. In addition, experienced buyers assess the leverage potential on an estimation basis, since a pure volume view underestimates the potential from market dynamics and specification changes.

Action plan and resource planning

From the prioritisation, a plan by time horizon is derived: quarter by quarter, it is defined which commodity group will be analysed, tendered, negotiated or contracted. Each entry has a responsible party, a target vision, estimated effort and expected benefit. Realistic planning takes account of capacity bottlenecks: large RFQs and certification processes tie up resources for months. It has proven effective to plan no more than two to three parallel core projects per buyer and to keep remaining capacity for operational tasks so that urgent orders are not lost from sight.

Key KPIs for managing the commodity group roadmap

The roadmap is steered via a compact set of metrics. This measures both the progress of the work and the economic success of the derived measures.

Spend under management and contract coverage

Spend under management indicates what share of the procurement volume is managed strategically and secured contractually. Contract coverage supplements this with the question of how much of it is actually handled via framework agreements. Both values typically increase with the progress of the roadmap and are regarded as key maturity indicators of procurement. In practice, procurement organisations aim for significantly higher coverage rates in A commodity groups depending on the industry context, while C items deliberately remain uncontracted. The target value should be defined per commodity group and not averaged across all categories.

Savings, price development and supplier structure

Economic performance metrics are realised savings against baseline, price deviation from the reference price index and supplier consolidation. In addition, delivery and quality metrics such as on-time delivery, complaint rate or credit check results measure the risk side. For individual commodity groups, operational metrics also count, such as the share of no-touch orders or the number of urgent orders, as an indicator of whether process improvements are taking effect. A uniform baseline definition is important, otherwise savings reports lose their meaning.

Project progress and milestone adherence

In addition to impact metrics, management of the plan itself belongs on the agenda: milestone adherence, share of completed commodity group projects and utilisation of project teams. A quarterly review with decentralised stakeholders from engineering, quality and logistics secures acceptance and provides early warning signals when market prices, lead times or the customs and regulatory environment shift. Those who report progress and impact separately can distinguish between planning and implementation problems.

Risks and controls for the commodity group roadmap

Typical sources of error lie less in the methodology than in implementation and the data foundation. Clear controls and a credible governance framework considerably reduce these risks.

Data and classification risks

Incomplete or inconsistent master data leads to distorted priorities: seemingly small commodity groups turn out to be volume drivers after data cleansing, while conversely fragments disappear into collective classes. Controls start with Master Data Governance: clear assignment rules for material groups, regular de-duplication and clear responsibilities for maintaining classifications. In addition, every commodity group assessment should include a plausibility check against invoice data and demand forecasts from engineering. Anyone working cleanly here avoids later misjudgements in tenders and supplier selection.

Implementation and acceptance risks

Roadmaps often fail due to a lack of anchoring: if projects are not supported by senior management or are boycotted by the business departments, the plan remains non-binding. Controls include clear sponsorship structures, binding project commitments from the business departments and measurable targets in procurement controlling. Contractual and ethical boundaries also belong on the control checklist: non-solicitation clauses protect against poaching during supplier discussions, compliance guidelines define boundaries for interactions with competitors in joint procurement projects. Finally, the roadmap must not jeopardise operational stability: contract changes require transition phases and

qualified second sources.

Market and supplier risks

Every roadmap is based on assumptions about price development, availability and technology trends. If these assumptions change, e.g. due to raw material prices, trade conflicts or capacity bottlenecks, priorities quickly become outdated. Controls include early warning indicators such as price index deviations, results of supplier capacity assessments, credit checks on critical suppliers and monitoring of lead times. For international sources of supply, customs and export aspects are added, such as bonded warehouse concepts, certificate of origin requirements or correctly agreed delivery terms such as FOB. In the best case, these signals trigger a targeted adjustment of the prioritisation.

Implementation in the operational procurement process

A roadmap only has an effect when its measures are integrated into the operational process, from the enquiry through the order to cash flow and performance flow.

From the roadmap to the tender

For each commodity group addressed, a bundle of measures is created: a request for quotation with a clear specification, defined evaluation criteria, a two-stage selection process with supplier qualification and subsequent negotiation. For technically complex goods, a reliable specification that bindingly documents the requirements of engineering is the starting point. For cross-border procurement, delivery terms (e.g. FOB), Incoterm specifications, certificate of origin requirements and customs clearance are anchored early in the specification in order to avoid later cost conflicts.

Digitalisation and automation

The degree of digitalisation of the process determines efficiency after contract award. Catalogue solutions, cXML interfaces, match-and-merge rules for invoice verification and a high invoice automation rate significantly reduce process costs. The target vision for industrialised commodity groups is the no-touch order: confirmed framework orders run through without manual intervention. In the transport sector too, standardisations can be automated, e.g. slot booking for container or factory deliveries. The roadmap should manage these automation measures explicitly as their own project track, not as a by-product of negotiations.

Interface with finance and the supply chain

The roadmap touches several adjacent processes. On the finance side, these include payment term optimisation, harmonised payment routes including bank connection standards such as BIC/SWIFT, and alignment with the suppliers' order-to-cash process, for example when pre-invoicing or early payment discount models are negotiated. On the logistics side, lean procurement principles, buffer specifications and slot booking for smoothing incoming deliveries apply. Anyone who involves these interfaces early in the commodity group project prevents price gains from being eaten up by additional costs in logistics or finance.

Current developments in the commodity group roadmap

Three developments are currently changing the handling and form of the commodity group roadmap: data automation, resilience requirements and sustainability reporting.

Automated spend and market data

Commodity group analyses are increasingly automated: spend cubes are generated from ERP and invoice systems, market price data is fed in via price index feeds or AI-supported market intelligence. This shortens the analysis cycle from months to weeks, and the roadmap can be updated more frequently. At the same time, the demands on data quality and material classification increase. Automation shifts buyers' work away from data collection towards interpretation, negotiation and supplier development – i.e. to where the real value creation lies.

Resilience as a second objective alongside cost

The classic cost priority in the roadmap is supplemented by resilience criteria: fallback suppliers, regional diversification, horizontal buffer strategies. In practice, this is integrated into the commodity group assessment via risk-weighted scenarios: critical commodity groups receive additional resilience measures, even if their immediate additional costs have a negative impact on the savings target. Reporting therefore increasingly separates cost and resilience effects in order to make target conflicts transparent. Procurement controlling provides the uniform reporting framework for this.

Sustainability and supply chain transparency

Sustainability requirements are moving from a marginal topic to the core of commodity group strategy: emissions data, proof of origin, social standards and supply chain due diligence obligations are becoming mandatory criteria in tenders. The roadmap must accordingly prioritise which commodity groups are examined first for CO2 and compliance data, typically starting with the categories with the highest volumes and emissions. The sourcing strategy is also shifting: local sourcing and short transport chains are gaining in importance, not only for sustainability reasons but also for risk mitigation in the event of geopolitical disruptions.

Typical metrics

Spend under Management: typically 60–90 %

Share of procurement volume managed strategically; differentiate by commodity group

Contract coverage A commodity groups: > 80 %

Share of A-volume covered by framework agreements; define target value per category

Milestone adherence: > 85 %

Share of roadmap milestones completed on time per quarter

Realised savings: frequently 3–8 % per commodity group addressed

Against a defined baseline; document the baseline definition

Invoice automation rate: > 70 %

Share of automatically processed invoices in industrialised commodity groups

Practical example

A medium-sized mechanical engineering company with an annual procurement volume of around 80 million euros created a commodity group roadmap for the first time. The spend analysis showed a high dispersion across 14,000 material numbers and 350 suppliers, combined with low contract coverage in the area of purchased parts and standard components. Over two quarters, the material classification was cleaned up, a portfolio was then formed and an 18-month roadmap with eleven commodity group projects was set up. After one year, contract coverage in the A commodity groups addressed was

significantly higher, the number of urgent orders had noticeably decreased, and supplier consolidation reduced the number of core suppliers by about a quarter.

- Spend and data cleansing with clear material classification as the starting point
- Prioritisation by business relevance and market complexity with involvement of the business departments
- 18-month action plan with defined milestones and quarterly review
- Automation measures rolled out in parallel: catalogue integration, cXML, match-and-merge rules

Conclusion

The commodity group roadmap is the central management instrument for taking procurement strategy from analysis into implementation. It prioritises commodity groups by leverage and risk, plans resources realistically and makes progress measurable. Clean master data, a consistent material classification and close integration with business departments, finance and logistics are crucial for success. Regular reviews keep the plan adaptable to market and risk conditions. Anyone who consistently maintains the roadmap increases spend under management, reduces process costs and sustainably strengthens the resilience of the supply chain.

Frequently asked questions

What is a commodity group roadmap in procurement?

A commodity group roadmap is a time-structured action plan that defines which commodity groups are to be strategically addressed, when, and with which measures. It prioritises categories by volume, risk and leverage potential. In doing so, it combines portfolio analysis, sourcing strategy and operational project management into a binding work programme.

How do you create a commodity group roadmap?

Typically in four steps: spend analysis with consistent material classification, assessment of the commodity groups by business relevance and market complexity, prioritisation of the levers, and then derivation of a concrete action plan with milestones and responsible parties. Key requirements are reliable master data, involvement of the business departments and quarterly reviews. A functioning Master Data Governance environment is a prerequisite.

Which KPIs belong in a commodity group roadmap?

The key metrics are spend under management, contract coverage, realised savings against baseline, price deviation from the price index and supplier consolidation. In addition, milestone adherence measures project progress. Depending on the commodity group, delivery and quality metrics or invoice automation rates are also included.

What is the difference between a commodity group roadmap and a commodity strategy?

The commodity strategy describes the target vision for a single commodity group, e.g. supplier structure, contract model and pricing logic. The commodity group roadmap determines when each commodity group will be addressed and with which resources. In short: the strategy defines the what, the roadmap the when and who across all categories.

How often should a commodity group roadmap be updated?

In practice, a quarterly review combined with an annual strategic roll-over has proven effective. Ad-hoc

adjustments make sense in the event of major market shifts, supplier failures or changed technical requirements. Early warning indicators such as price index deviations or credit check results provide the triggers.

What role does Master Data Governance play for the commodity group roadmap?

One central one: without clean, uniformly classified master data, spend analyses and prioritisation are unreliable. Material classification, de-duplication and clear assignment rules for commodity groups form the foundation. Poor data quality is one of the most common reasons why commodity group roadmaps fail in implementation.