

# The state of procurement in manufacturing 2024

How leaders can reduce risk and optimize for greater savings and efficiency



# Introduction

**The U.S. procurement market is undergoing a pivotal transformation post-COVID-19, with every sector from automotive to pharmaceutical facing accelerated change.**

This shift is propelled by:

- 01** Evolving Consumer demands
- 02** Supply chain challenges
- 03** Tech innovations
- 04** A stronger emphasis on sustainability and resilience



As a leader in [source-to-pay](#) transformation, we work with dozens of multi-billion-dollar enterprise companies and procurement leaders. For them and their peers, understanding these dynamics is crucial for navigating the current landscape and strategizing for future growth. The pandemic has not just disrupted; it has fundamentally reshaped procurement and supply chain priorities, demanding a strategic re-evaluation to build resilience and adaptability.

Furthermore, such upheaval means procurement and supply chain leaders are in the unfamiliar position of having the full attention of top management - and a mandate to make real change. According to [McKinsey](#), **“Forward-thinking chief supply chain officers (CSCOs) now have a once-in-a-generation opportunity to future-proof their supply chains.”**

This means taking on the mantle of new leadership responsibilities, positioning procurement as a key part of the overarching business decision-making process.

#### **This report aims to help you understand:**

- 01** The state of US manufacturing today, across several key sectors
- 02** The state of global procurement
- 03** What's shifted post-pandemic
- 04** How that impacts your risks, challenges and opportunities
- 05** What skills and resources you will need to prioritize to deliver change

A photograph of two factory workers, a woman and a man, standing in a manufacturing plant. They are both wearing blue work jackets and white hard hats. The woman is on the left, smiling, and the man is on the right, looking towards the camera. They are surrounded by large industrial machinery. The background is slightly blurred, showing more of the factory environment.

# The state of US manufacturing across key sectors

To set the stage for what procurement leaders are dealing with, we give you a quick overview of six major manufacturing sectors (automotive, electronics, chemicals, FMCG, food and pharma) and the key trends we see emerging from them.

# Automotive manufacturing

The automotive sector navigated significant supply chain hurdles, notably in semiconductor procurement, disrupting production and inventory. Yet, it's on a trajectory of recovery and expansion, fueled by surging interest in electric (EVs) and autonomous vehicles (AVs). With a **3-4% uptick in 2023, reaching 94-96 million vehicle sales**, and an **anticipated 5-6% growth in 2024**, the industry is rebounding towards sustainability and tech innovation.

2024 marks a pivot to a buyer's market in automotive, with declining prices and interest rates following prolonged supply chain woes that spiked vehicle costs. As inventories stabilize—especially for EVs—prices are adjusting. **The sector eyes a 2% growth in 2024, with EVs and hybrids leading the charge.**

In response to COVID-induced disruptions, the industry is pivoting towards shorter, more localized supply chains. Strategies like nearshoring, alternative components, improved demand forecasting and bolstered supplier collaboration are streamlining operations.

**Despite a challenging period, the U.S. automotive industry**, with \$628.9b in revenues in 2022 and a 0.9% CAGR from 2017 to 2022, **is set for resurgence, powered by the demand for electric and hybrid models.**





## Electronics manufacturing

In the electronics manufacturing realm, digital procurement has become a game-changer, driving supply chain and operational efficiencies. According to [Gartner](#), **the pandemic's blow to global supply chains catalyzed a pivot to digital**, leveraging AI, robotic process automation and predictive analytics to fortify against disruptions.

The sector is on an **upward trajectory**, spurred by heightened consumer electronics demand amid the pandemic's push for remote work and digital leisure. Coupled with advancements in 5G, IoT, and AI, the electronics industry is ripe for growth.

Overall, the electrical and electronics manufacturing market is **anticipated to grow considerably between 2023 and 2030**, from **\$3764.98b in 2023 to \$4031.77b in 2024 at a CAGR of 7.1%**. The global Electronic Manufacturing Services (EMS) **market size was valued at \$503.91b in 2022 and is projected to grow to \$856.20b by 2030**.

# Chemical manufacturing

The chemical manufacturing landscape has also been reshaped by the pandemic, leading to supply chain disruptions and volatile demand across chemical segments, including sanitizers, cleaning chemicals and personal protective equipment (PPE). While these experienced an obvious surge in demand, chemicals used in automotive and aerospace industries saw a decline in demand due to reduced consumer spending and halted production lines.

**The industry's response has been swift and strategic, with a pivot towards diversifying supply sources and a significant investment in digital technologies to enhance supply chain resilience.** Initially, many companies relied heavily on raw materials and intermediates from Asia due to cost advantages and established supply networks.

However, the pandemic highlighted the risks associated with this dependency, prompting companies to explore alternative sources across different geographies, including local and regional suppliers, to mitigate future disruptions. This diversification not only aims to create more resilient supply chains but also to reduce transportation costs and carbon footprints, aligning with increasing enterprise sustainability goals.

**Companies have also invested in digital tools and platforms to enhance supply chain visibility, improve demand forecasting and facilitate remote working arrangements.** Technologies such as artificial intelligence (AI), machine learning (ML), and blockchain are being leveraged to optimize operations, improve efficiency and ensure the timely delivery of products. Digitalization has also enabled companies to better respond to market fluctuations and customer needs, ensuring agility in an uncertain environment.



**Additionally, sustainability and circular economy principles are now at the forefront, driving innovation and altering procurement practices.**

Companies are focusing on developing eco-friendly products, reducing waste and increasing the use of renewable resources.

The shift towards a circular economy model involves redesigning products and processes to minimize environmental impact, enhance resource efficiency and promote recycling and reuse. This approach not only addresses environmental concerns but also offers economic benefits by reducing costs and opening up new market opportunities for sustainable products.

**The chemical industry's total worldwide revenue in 2022 stood at approximately \$5.72 trillion,** with two U.S. companies, Dow and LyondellBasell, responsible for nearly a fifth of those revenues alone. According to the [C&EN's top 50 US chemical producers](#) for 2023, these 50 chemical makers posted combined sales of \$376.7 billion, an 11.4% increase from the previous year. This figure represents a new record for the annual survey and reflects the industry's resilience and recovery in the face of various economic challenges.





# Fast-Moving Consumer Goods (FMCG) manufacturing

The FMCG landscape has been marked by a pandemic-driven demand spike in cleaning and personal care products. To navigate these volatile waters, manufacturers are doubling down on supply chain agility and robustness. FMCG companies are focusing on several key areas to improve agility:

## Adopting agile and adaptive strategies

Companies are implementing more dynamic production plans and flexible logistics arrangements, including the ability to quickly adjust production volumes, reroute shipment, and reallocate resources in response to sudden market changes or supply chain disruptions.

## Leveraging advanced technologies

The integration of technologies such as IoT, AI, and real-time data analytics is playing a pivotal role, allowing companies to sense demand in real-time, optimize routes and manage inventory more effectively.

## Developing a responsive supply chain

By utilizing advanced forecasting techniques and real-time data, companies can anticipate consumer needs, reduce lead times and ensure prompt product delivery - particularly crucial in the volatile FMCG sector.

Similarly to their peers across other areas of manufacturing, they are also building more diverse supply chains. To boost their effectiveness, companies are investing in robust risk management frameworks, where risks are continuously monitored, and proactive measures are developed. This includes regular testing of response plans and scenario analysis to ensure preparedness for potential disruptions. Technology also has its role to play here through track-and-trace systems and other visibility tools that help companies monitor their supply chain in real-time.



The **shift towards ecommerce and D2C channels** is another strategic response by FMCG companies. This transition not only helps in dealing with the current high demand for cleaning and personal care products but also aligns with changing consumer behaviors favoring online shopping. **D2C models allow FMCG companies to engage directly with consumers**, gather valuable data and enhance customer experiences.

This direct interaction **facilitates quicker feedback loops and more personalized product offerings**. They're also tapping into a booming ecommerce ecosystem to reach a broader audience. This includes optimizing online marketing strategies and enhancing digital sales channels to improve accessibility and convenience for consumers.

As the sector pivots increasingly towards these channels, **the global FMCG market size is expected to reach \$18.9b by 2031 at a CAGR of 5.1% from 2022 to 2031**.

# Food manufacturing

Food manufacturing has been significantly impacted in the last several years, with shifts in consumer preferences towards healthier and more sustainable options. Supply chain disruptions have prompted manufacturers to localize sourcing and invest in supply chain transparency. What does this look like?

**Digital technologies:** The adoption of digital technologies such as blockchain, IoT and AI enables real-time tracking of products from farm to fork, ensuring that information about the origin, handling and processing of food products is readily available.

**Third-party certifications:** Manufacturers are increasingly seeking certifications from independent organizations that verify sustainable and ethical practices, which can be communicated to consumers as a mark of trust.

**Detailed labelling:** Providing comprehensive ingredient lists, nutritional information and sourcing details on packaging helps consumers make informed choices about the products they purchase.

The sector is also seeing growth in plant-based alternatives and functional foods (these are foods that have a potentially positive effect on health beyond basic nutrition. They can include added nutrients or beneficial compounds that may reduce the risk of disease or promote optimal health), reflecting changing consumer preferences. **Revenues will amount to \$10.07tn in 2024. The market is expected to grow annually by 6.53% (CAGR 2024-2028).**





## Pharmaceutical manufacturing

The pharmaceutical manufacturing sector has for obvious reasons been at the forefront during the pandemic, with unprecedented demand for vaccines and treatments. **The sector is still experiencing growth**, driven by the ongoing need for COVID-19 related products and a strong pipeline of innovative drugs. **Other areas of growth** include increase in chronic illnesses, a focus on outsourcing manufacturing activities, a growing geriatric population and technological advancements in manufacturing processes amongst others.

**The focus on supply chain resilience is particularly pronounced** in this sector, given the critical nature of pharmaceuticals. To deal with the challenges of a disrupted supply chain and pricing burdens, **implementing the latest in digital solutions has become critical for pharmaceutical manufacturers**. It includes leveraging artificial intelligence, Big Data, machine-learning and the industrial internet of things (IIoT) so the pharmaceutical manufacturing process can improve quality. Contract manufacturing is also expected to bring about transformation in the pharmaceutical manufacturing business.

The U.S. pharmaceutical manufacturing market size was **valued at \$100.06b in 2022 and is estimated to reach around \$323.48 billion by 2032, growing at a CAGR of 12.5% from 2023 to 2032**. North America continues to lead global market share.

# Trends across manufacturing sectors



We can see four key trends across all manufacturing sectors:

**01** Emphasis on sustainability and technological innovation.

**02** Supply chain resilience and localization

**03** Digital transformation

**04** Consumer-driven changes



## Emphasis on sustainability and technological innovation

There is a clear trend towards integrating sustainability into business models and products. This is coupled with a strong emphasis on technological innovation, such as the development of electric and autonomous vehicles in the automotive sector and advancements in 5G, IoT and AI in electronics manufacturing.



## Supply chain resilience and localization

There is a notable shift towards shorter, more localized supply chains, with strategies like nearshoring and diversifying supply sources being implemented to enhance resilience against future disruptions.



## Digital transformation

Unsurprisingly, digital technologies are playing a critical role in transforming these industries. The adoption of digital procurement, AI, robotic process automation, predictive analytics and Big Data is prevalent across sectors. These technologies are being leveraged to improve efficiency, demand forecasting and to fortify against potential supply chain upheavals.



## Consumer-driven changes

The consumer is firmly leading the way with its desire for more environmentally friendly and cost-effective products. Moreover, "it's increasingly clear that the resulting shifts in how people live, work and play are not temporary but structural, beginning a new economic era characterized by volatility, regionalized supply chains, AI dominance and talent scarcity." **To win in this landscape, businesses will need to evolve at the pace consumers set, requiring increased agility and innovation at every level.**

## On digital transformation

*"In the past two years, we've seen a surge in demand from both existing and new clients for seamless integration between their ERP or e-catalog solution (like Ariba or Coupa) and our DSSI platform. This focus on minimizing manual work within the purchasing process has made our system-agnostic approach to integration a key differentiator, solidifying our position as a strong partner for large manufacturers,"* said Amit Mendiratta, Executive Director of Enterprise Applications & Business Process for DSSI.



# **The state of global procurement**

The global procurement landscape is experiencing a period of rapid transformation, driven by the technological innovation, sustainability imperatives and evolving market dynamics that we've outlined above. As we move through 2024, these changes are not only reshaping procurement practices but also influencing revenue and market growth.



# Revenue projections for 2024

## Procurement Software Market

The global procurement software market, which was valued at \$7797.15m in 2023, is expected to continue its growth trajectory with a compound annual growth rate (CAGR) of 9.89% during the forecast period.

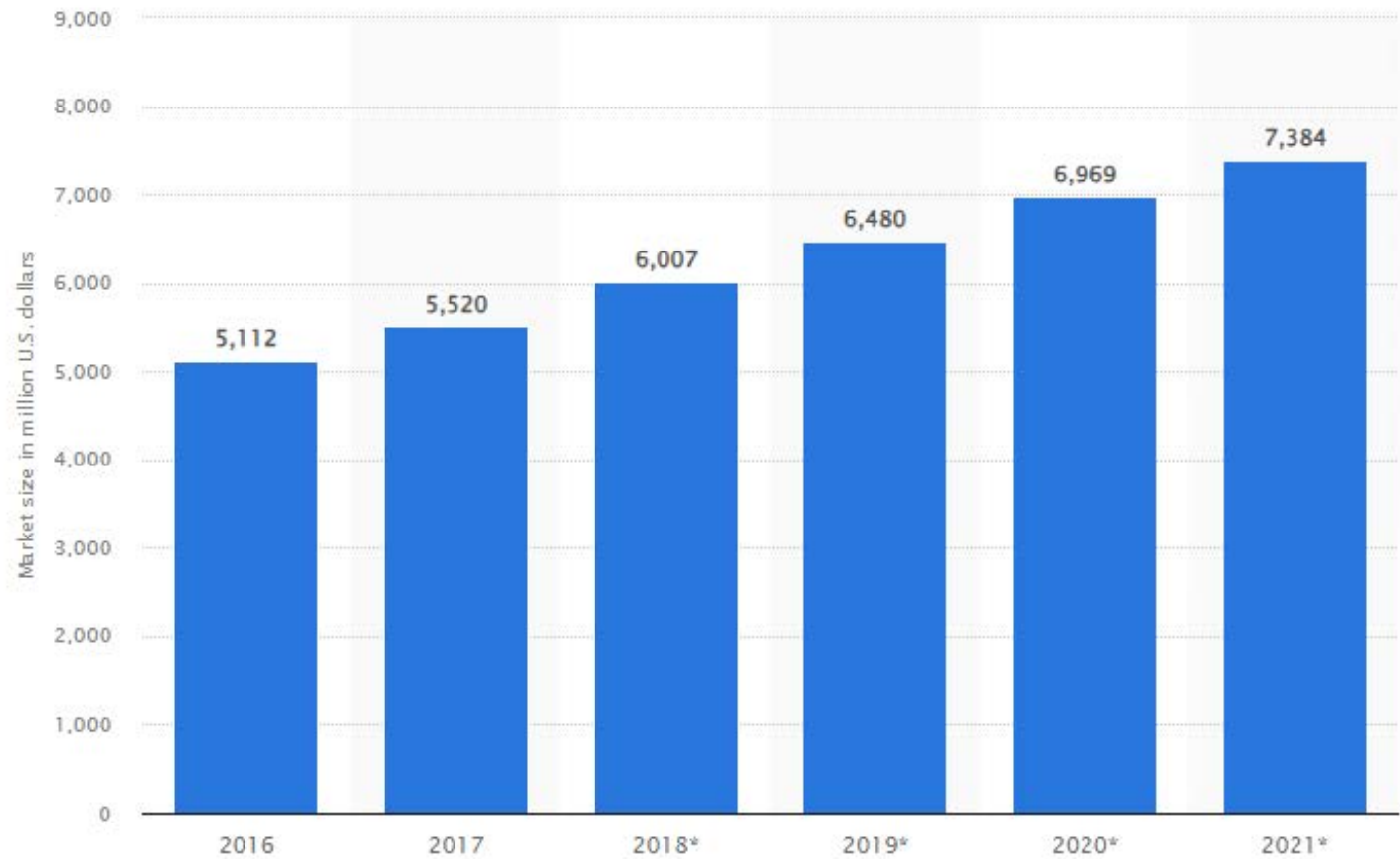
## Procurement Analytics Market

Similarly, the global procurement analytics market is poised for substantial growth, projected to expand from its current market value of \$3.79b in 2023 to an impressive \$15.92b by 2030, growing at a robust CAGR of 22.74%.

## Procurement as a Service Market

The global procurement as a service market size, valued at \$6.15b in 2022, is expected to register a growth rate of 11.1% from 2023 to 2030.

Growth across all three procurement markets reflects the increasing reliance on procurement software and analytics to streamline processes, enhance efficiency and increase transparency. **It also highlights the rising recognition that in a world of “do more with less” - less money and less human resources - leaders cannot go it alone anymore. Nor should they.** We can also see the subsequent demand for procurement outsourcing as companies seek to optimize these operations.



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Overall, the U.S. manufacturing procurement market in particular stands at a pivotal juncture of recovery, growth and profound transformation.

This evolution marks a strategic pivot towards digital procurement practices, enhanced supplier collaboration and nearshoring efforts, all aimed at mitigating vulnerabilities exposed by the pandemic.

# 10 key trends in global procurement for 2024

## 01 Technology as a driver for transparency and visibility

Breaking visibility barriers remains a top priority for the procurement and supply chain industry due to its complex nature. Technology is crucial in driving transparency and visibility by reducing silos and producing higher-quality data.

To this end a CEO of a chemicals company stated: "These days, to perform well, companies need a different end-to-end view on the business. Procurement is absolutely critical."

**"DSSI's commitment to strong item master data management has always been a cornerstone of our MRO and industrial materials source-to-pay services,"** said Amit Mendiratta.

**"Now, with our on-demand dashboard analytics, we're empowering clients to leverage that data in real-time. This enables them to make informed internal decisions and have data-driven conversations with their suppliers, ultimately optimizing their procurement process."**

## 02 Digitalization and procurement automation

Digitalization and procurement automation will become need-to-haves, with an emphasis on flexibility, agility and resilience. Their adaptation is not a matter of if, but when.

Procurement leaders will be able to transform their operations, delivering not only cost savings and efficiency gains but also strategic insights and competitive advantages. Ultimately, elevating their function from operational necessity to strategic partner within their organizations.

## 03 Data and analytics

Data and analytics will continue to be a focal point, especially for organizations tackling digital transformation. According to [McKinsey](#), this is one of the most promising value levers for strategic and operational improvements. Such transformations can reduce overall spend by 3-10%.

## 04 Supplier development and risk management

Proactive planning and technology, plus building [deep supplier relationships](#), will play an integral role in supplier development to navigate supply chain disruptions and mitigate risks.

Climate disruptions and natural disasters are occurring more often, resulting in over [\\$340b](#) in economic losses worldwide since 2000. According to the UN, incidents of natural disasters will continue to rise. This, and increasing global geopolitical tensions, act as a huge ongoing risk to supply continuity.

## 05 Generative AI

Beyond the buzzword, Generative AI is predicted to be a transformative technology for procurement, delivering greater value for the wider business through actionable insights, vendor evaluation, compliance, predictive modeling and anomaly detection.

## 06 Compliance and cybersecurity

Maintaining compliance with changing governance, regulations, procedures and contracts is vital to stay ahead of disruptions and innovations. Cybersecurity is also a critical concern as technology adoption increases.

## 07 Diversity and inclusion

DE&I initiatives will continue to emerge for employees and suppliers, with procurement placing a greater emphasis on diversity when selecting suppliers and executing various procurement tasks.

This is driven by the recognition that a diverse and inclusive supply chain is not just a moral imperative but a strategic business advantage - leveraging the full spectrum of available talent and resources to drive innovation, competitiveness, resilience as well as brand reputation/value.

## 08 ESG and Scope 3

ESG and Scope 3 will become the norm in 2024, with sustainable efforts being a necessity to thrive. Through initiatives such as strategic supplier engagement and sustainability-focused sourcing, procurement leaders have the power to significantly influence their organizations' environmental impact. They will be an integral cog for success in achieving net-zero targets.

DSSI itself has sought out certification through the EcoVadis organization to ensure alignment with global standards.

## 09 Procurement outsourcing

As previously mentioned, in 2024, procurement outsourcing has emerged as a prominent global trend, reflecting organizations' strategic shift towards optimizing their procurement functions by leveraging external expertise. This trend is driven by the need to achieve cost reductions, enhance operational efficiency and focus on core business activities amidst increasingly complex global supply chains.

Companies are outsourcing various procurement tasks, including category management, supplier management and transactional procurement processes, to specialized service providers. These providers offer advanced analytics, market intelligence and technology-driven solutions such as artificial intelligence and machine learning to deliver value beyond cost savings, including innovation and improved supplier relationships.

**As a result, procurement outsourcing is not only streamlining procurement operations but also enabling businesses to adapt more swiftly to market changes and emerging procurement challenges, thereby contributing to their competitive advantage in the global marketplace.**

## 10 Software as a Service (SaaS) market growth

The global SaaS market is on track to exceed \$1t in global spend, with spend growing by 13.8%. For procurement leaders, SaaS solutions offer several advantages, including scalability, ease of integration and continuous updates with the latest features and security measures.

This trend also implies that procurement leaders will need to develop strategies to manage SaaS subscriptions effectively, ensuring that investments are aligned with business objectives and deliver tangible value.

# Risks, challenges and opportunities

A photograph of a man and a woman in a factory setting. The man, on the left, is wearing a dark suit, a light-colored shirt, a dark tie, and a white hard hat. He is gesturing with his hands as if in conversation. The woman, on the right, is wearing a dark blazer, a patterned skirt, glasses, and has her hair in a ponytail. She is holding a blue folder. They are standing in front of large industrial machinery, which is painted blue and grey. The background shows a complex industrial environment with metal structures, pipes, and overhead lights.



# Key risks for procurement leaders in manufacturing

## 01 Supply chain disruptions

No surprise that supply chain disruptions remain top of mind, as they lead to delays in the delivery of critical components, such as microchips and essential PPE, and affect the overall production process.

## 04 Environmental concerns

Environmental concerns and regulations are increasingly important. Procurement leaders must ensure that their suppliers and partners comply with environmental standards and that their operations are sustainable.

## 02 Vendor management and sourcing

Inaccurate internal needs analysis and poor vendor sourcing can lead to partnerships with unreliable suppliers, impacting delivery and quality. Ineffective supplier and vendor onboarding and inadequate vendor management are also significant risks that can lead to misunderstandings and inefficiencies in the procurement and invoicing processes.

## 05 Geopolitical tensions and economic nationalism

The U.S.-China trade war and other geopolitical tensions have led to economic nationalism, which can force manufacturers to reassess their supply chains and increase domestic production, adding complexity to procurement strategies.

## 03 Price instability

Price instability continues to be a major risk, as unforeseen pricing changes can undermine business operations.

**“Even as the effects of the COVID pandemic on pricing stability have lessened in recent years, we’ve seen several other major disasters, such as the Suez Canal and winter storms in the Southern U.S., affect the global supply chain”,** said Mike Oldani, DSSI’s Director of Category Management.

To allow Procurement leaders to lessen the effects of unplanned pricing changes, organizations must arm their teams with accurate and detailed spend analytics. “DSSI has used its item level master data and advanced pricing analytics tools to take aggressive actions toward suppliers reducing their prices that were taken during the pandemic.”

# Key challenges for procurement leaders in manufacturing

## 01 Visibility and transparency

As previously mentioned, lack of visibility and transparency in the supply chain is a challenge, as it can lead to inventory shortages and significant delays. Procurement leaders must focus on improving communication and tracking of all parts at any stage of their supply journey, especially when it comes to [critical spare parts](#).

## 03 Adapting to new technologies

The challenges of adapting to new technologies in manufacturing procurement are formidable, encompassing infrastructure, [legacy systems](#), interoperability, legal issues and the rapid pace of technological change. Procurement leaders must navigate these complexities by investing in scalable infrastructure, strategic planning for [technology integration](#), establishing industry standards, prioritizing cybersecurity, addressing legal and ethical concerns and fostering a culture of continuous learning and innovation.

## 02 Talent shortage and labor turnover

Talent shortages and high labor turnover are challenges that must be addressed through training and development programs to ensure a skilled workforce. In a recent [BCG](#) survey of global C-suite and board-level executives, 30% of respondents said that attracting and retaining talent is a top five issue impacting procurement. Additionally, nearly 40% cited difficulty attracting, [building and retaining skills](#) as one of the top five barriers to transforming procurement. According to a study by SAP, only 41% of procurement teams possess the skills and abilities required to adopt new technologies.

**“Increasingly, we see companies coming to us to help supplement their dwindling sourcing and procurement teams. Our category managers and buyers are skilled in using DSSI’s automation and analytics tools on a daily basis to make good decisions on behalf of our customers”,** said Michael McFerrin, DSSI’s Executive Director of Procurement, whose been with DSSI for 26 years.

Procurement must, “attract and nurture candidates with the analytical skills and data competence needed to [unlock value](#) from agile ways of working and digital operating models.” According to [Gartner](#), procurement leaders must “strengthen operating models and ensure critical workflows are defended, while leading with empathy.”

## 04 Bureaucracy and regulatory changes

Brexit and other regulatory changes have introduced increased bureaucracy, leading to longer journey times and inefficiencies in the supply chain (particularly in the European automotive sector). In the US, [recent legislative initiatives](#) aimed at revitalizing domestic manufacturing, such as the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, introduce new requirements and incentives for home-grown production and sustainable procurement practices, necessitating strategy to comply and benefit from these changes.

# Opportunities for procurement leaders in manufacturing

## Supplier diversification

Diversifying the supply base can mitigate risks of supply chain failures and provide flexibility to ramp up capacities in response to increased demand or market changes.

Mike Oldani says, “We understood very quickly that one of our biggest advantages during the pandemic was in having a supply base of 4,000+ suppliers across N. America that we could easily engage with on our customers’ behalf to find new sources for constrained products. A great example was engaging a supplier that we’d traditionally only sourced bulk chemicals to for the janitorial chemicals that were badly needed to meet COVID cleaning requirements.”





## Strengthening collaborations

Building long-term partnerships and [strengthening supply chain collaborations](#) can lead to improved efficiency and risk mitigation. This doesn't mean only external partnerships. As outlined by [McKinsey](#), "collaboration between procurement and sales, along with other functions, becomes vital for protecting and increasing margins while managing risk", especially in an era of volatility.

As one CPO of an industrial company stated, **"The CPO is not only the chief procurement officer anymore, but the chief partnership officer as well - partnerships externally with suppliers and internally with other functions and business units - with procurement being a knowledge broker, creating value from the collaboration between inside and outside of the company."**

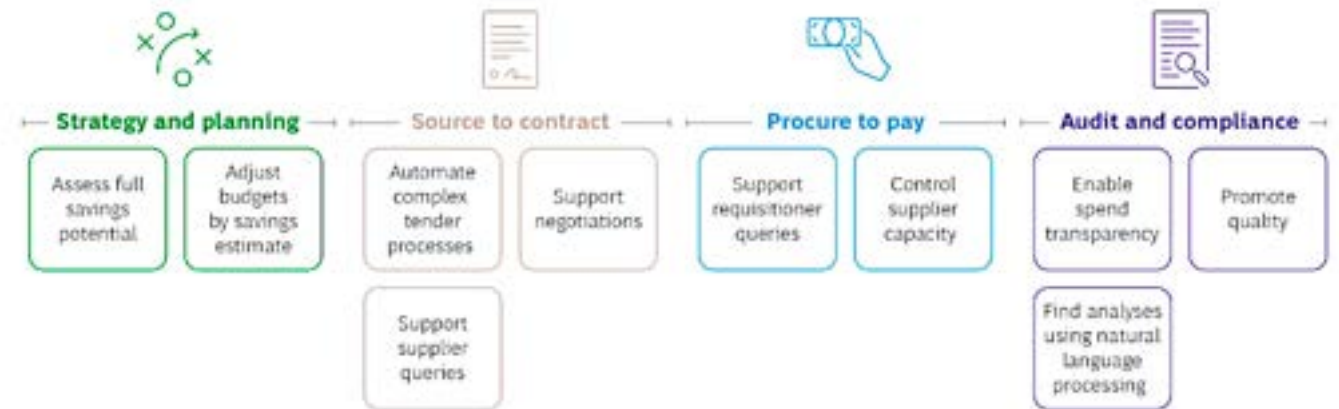
# Embracing digital transformation

Leveraging technology and [data analytics](#) can improve procurement processes, enabling better decision-making and more efficient operations. Not embracing these will put procurement leaders at a great disadvantage. Industry giants such as Siemens, Lufthansa, Philips and Henkel have already [embraced advanced technologies](#) such as AI, blockchain and IoT to automate procurement processes. Despite many CPOs understanding the technology imperative, [71%](#) think that procurement technology investments remain a low priority when IT budgets are set.

According to [Harvard Business Review](#), companies that move quickly to adopt these AI tools stand to gain an advantage. **“When there is a supply-chain crisis, the key to being competitive is to be faster at finding alternative suppliers than everyone else because everyone’s looking to do the same thing,”** said Maggie Brommer, Head of Procurement for Unilever’s Prestige Products.

It’s about effectively mitigating risk. As Michael Klinger, Siemens’ Senior Director of Supply Chain Excellence, said, “Technology doesn’t give you visibility to reliably prevent supply disruptions before they happen, but it can give you information that can help you respond to supply-chain disruptions much faster than human buyers can.”

## Exhibit 6 - AI Has Many Uses Across the Procurement Value Chain



Source: BCG analysis.



## Local sourcing

Sourcing closer to production sites can reduce logistic costs, long supply chains and cost fluctuations, creating a win-win scenario for both manufacturers and suppliers. Beyond these, proximity allows procurement leaders and their teams to visit suppliers more frequently, which can lead to stronger relationships, better communication, and a more collaborative approach to product development and problem-solving.

## Focus on holistic cost efficiency

Procurement leaders have the opportunity to drive holistic cost efficiency across the entire product lifecycle and value chain, not just in procurement. With their in-depth understanding of said value chain and supply markets they can go beyond mere cost management, helping to “shape corporate strategy, identify M&A targets, scout early-stage innovations and enhance cross-functional collaboration for long-term [value creation](#).”



A close-up photograph of two construction workers shaking hands. They are wearing high-visibility work jackets with reflective yellow and grey stripes. The background is a blurred construction site with wooden framing and lights.

# Seizing opportunities and mitigating risks

To navigate the evolving landscape of procurement post-COVID, procurement leaders will need a blend of skills and resources that enable them to mitigate the outlined risks, tackle challenges and seize opportunities effectively. As we've touched upon, it is an opportunity to be a very different kind of leader and play a very different kind of role.



# Essential skills for procurement leaders in 2024 and beyond

## Strategic management

Procurement leaders must possess strategic management skills to align procurement strategies with overall business objectives, ensuring that procurement activities contribute to long-term success.

**“Fundamentally, the CPO is evolving into a ‘chief value officer,’ a partner and co-leader to the CEO who is able to generate value through business partnering, digital and technology, and sustainability, which are new sources of profitable growth in a shift toward a future-proof business model.”** - Hervé Le Faou, CPO, Heineken

## Analytics and data analysis

The ability to analyze data is vital for making informed decisions, improving supplier performance, reducing costs and risks, increasing compliance, and driving Environmental, Social, and Governance (ESG) initiatives. Streamlining this data through [automation is key](#), and minimizing the amount of disparate sources is also a priority.

In one McKinsey survey, the majority of CPOs stated that “they lacked technology platforms that could perform thorough, integrated, real-time data processing and said, consequently, that less than 20% of their organizations’ available procurement data was currently used.” That isn’t good enough in today’s world.

## Risk management

Identifying, assessing and mitigating risks in procurement is essential. Effective risk management helps organizations reduce supplier risk, predict future and potential risks, improve supplier selection, and better manage contracts and supplier relationships.

## Supplier relationship managements (SRM)

Regularly reviewing suppliers and their key performance indicators (KPIs) is crucial for driving efficiency in procurement and the wider supply chain. Effective SRM can improve cost management, streamline operational efficiency, consolidate the supply chain and build stronger supplier relationships.

# Essential skills for procurement leaders in 2024 and beyond

## Adaptability and agility

The procurement and supply chain industry is complex and volatile. Being adaptable to disruptions is vital to maintain a competitive advantage and weather the storms. Procurement leaders will also need to build this into their operating model of the future with digitization at its core. **“Volatility in the markets is at a level we have not seen before,” one pharma CPO outlined. “Procurement’s ability to adapt to these changes and monetize that volatility will be absolutely crucial for success.”**

## Technology aptitude

A successful technology-driven procurement professional must be comfortable with, and not afraid of technology, including mobile technology, big data analytics and emerging technologies such as Gen AI. This, combined with a mindset focused on sustainability and strategic thinking will allow procurement organizations to adapt (as per above) and better drive that all-important cross-functional innovation between internal stakeholders and suppliers.

## Financial acumen

It goes almost without saying that understanding and managing the financial aspects of procurement, including cost management, forecasting, analyzing financial data and financial reporting, are key parts of a procurement leader’s role. This is becoming even more important in a cost-cutting environment.





## Resources for procurement leaders

### Continuous learning opportunities

Procurement leaders should seek continuous learning opportunities through certifications and courses offered by institutions like the Chartered Institute of Procurement & Supply (CIPS), Institute for Supply Management (ISM) and others.

### Digital procurement platforms

Investing in [digital procurement platforms](#) that offer end-to-end category management solutions, next-generation spend analytics, AI-enabled sourcing tools, and B2B network intelligence can significantly enhance category management efficiency.

### Professional networks and communities

Engaging with procurement and supply chain communities, such as Procurious, Sourcing Industry Group and Art of Procurement, can provide valuable insights, trends, strategies and networking opportunities. It's vital that procurement professionals lean on their peers, learn from and challenge one another in a period of incredible transformation.

## Conclusion

It's a new world out there for procurement leaders. They are still grappling with legacy issues such as lack of consistency in the sourcing and procurement process, particularly on "[cost management](#) and business value creation through category strategies, supplier performance management and collaboration with strategic supply partners." This, coupled with disparate technology platforms that require manual stitching together of reporting is still holding many back.

But the landscape is rich with opportunity, much of which is underpinned by technology and new skills. The pandemic has highlighted the fragility of global supply chains, and burgeoning geopolitical and climate upheavals continue to disrupt. Therefore, today's CPO is in a unique position of having unparalleled insight into this external environment while having the full attention of the board. As such, they will find themselves at the forefront of some of their companies' most strategic initiatives.

According to David Ingram, CPO at Unilever, **"I have seen a lot of transformation happening recently, with the procurement functions shifting from an insular, contract- and process-heavy organization to a wider, more insightful function that is connected to what is happening in the broader market, and this will only accelerate."**



Alongside this, Heidrick & Struggles' study of CPOs found that the *“the traditional pyramid of value-creation drivers in the procurement function is reshaping fast—if not inverting.”*

Therefore, to survive and thrive in today's environment, procurement leaders need to develop a comprehensive skill set that includes strategic management, analytics, risk management, SRM, adaptability, technology aptitude and financial acumen. It will also require a new type of leadership from procurement within their organization.

As they operate amongst higher levels of management, the skill set they were perhaps hired for, such as managing processes and compliance, will need to give way to the ability to build and manage teams that are diverse, technologically adept and empowered to run the show as their leader focuses on more strategic pursuits.

### Value-creation pyramid

Drivers for value creation have dramatically evolved over time, and the change will only accelerate in the aftermath of the pandemic

#### Structural transformation

- Ecosystem orchestration
- Sustainability/ESG impact
- Purposeful and inclusive transformational leadership
- Digital innovation

#### Business partnering

- Growth and innovation acceleration
- Business insights generation
- Proactive supply risk management

#### Process efficiency and compliance

- Strategic sourcing/category management
- Supplier relationship management
- Negotiation and cost elimination

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## About DSSI

**We empower procurement leaders to drive cost savings by leveraging our preferred supplier relationships and volume aggregation.**

DSSI integrates into your purchasing and finance teams to deliver substantial savings through processing efficiency, vendor consolidation and enhanced spend visibility.

Solving enterprise process inefficiencies across indirect procurement can be a minefield. We help you streamline, saving time, money and resources by navigating one process instead of hundreds or thousands of individual suppliers, payment terms and invoices.

You'll always have support and transparency, starting with a frictionless onboarding process, dedicated business managers and ongoing program management with subject matter experts to turn to for guidance.

Localization experts and in-country sourcing optimize cost efficiencies wherever you are based. The majority of our customers achieve at least 15% savings in MRO categories from your first year onward and are set up for success with an effective MRO center of excellence structure.

ISO 9001-2015 certified, with 22 years of experience.

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