

What's On the CPO's 2021 To-Do List?



A new report from The Hackett Group outlines the initiatives that should be at the top of every procurement department's to-do list in 2021.

Reducing spend, supporting enterprise stability and assuring reliable sources of supply are all top priorities for procurement departments in 2021. “Unprecedented business disruption forced procurement organizations to refocus on supporting critical business operations and supplier relationships, resulting in a pivot toward spend cost reduction and supply assurance,” The Hackett Group details in its [2021 CPO Agenda](#).

Based on its recent CPO survey, the company says that 41% of procurement professionals believe conditions will stabilize by the second half of 2021, but 36% predict it will take longer. As a result, The Hackett Group predicts that the pandemic crisis and related fallout will “continue to shape procurement priorities in 2021 and beyond.”

Other key developments impacting procurement this year include:

- **The dramatic shift in virtual working.** Before the crisis, 4% of general and administrative staff worked primarily from home, and 13% had hybrid arrangements, working between home and the office. Post-crisis, these percentages are expected to rise to 25% and 33%, respectively.
- **Rising risk.** The Hackett Group has been tracking a major increase in business risks across the board—from supply chain disruption to cybersecurity to regulatory change to the economic implications of prolonged pandemic-related restrictions. “All parts of the organization, especially procurement, will feel the effects of this high-risk business environment and need to factor this into their 2021 transformation agenda,” it says.

- **Rising costs of doing business.** “Procurement must continue to deliver its most basic value proposition: spend cost reduction,” The Hackett Group states, noting that the combination of significant 2020 cost cuts and increased workloads is straining many procurement organizations. “This will continue [in] 2021.”
- **Digital acceleration.** Digital maturity contributed to companies’ ability to respond to the crisis, the company points out, and most companies have taken the lessons to heart and plan to accelerate enterprise digital transformation. “Procurement must support the enterprise digital agenda, while shifting its own digital transformation into overdrive,” it recommends. “In particular, smart automation, master data management, collaboration technologies, and digitization of processes, assets, and content will be major areas of focus throughout the enterprise.”
- **Corporate sustainability goals.** The Hackett Group says that sustainable procurement has become one of the function’s top 10 issues, representing a broader shift toward a heightened importance of corporate social responsibility. “In the past, sustainability meant little more than complying with regulations,” it says. “Today, it generates business value through reduced costs, risk management and improved brand value.”

10 Success Tips

When we look back a year from now, what must procurement have accomplished for the year to be considered a success? Here, The Hackett Group outlines what it sees as the 10 most critical actions and accomplishments for CPOs to focus on:

1. **Stability:** Support enterprise stability by ensuring continuity of core business operations with supply assurance and spend cost reduction.
2. **Relationships:** Leverage business enablement leaders who can develop and maintain strong business relationships.
3. **Modernization:** Accelerate migration to cloud-based applications and platforms, and adopt tools to effectively deliver new services in supply risk and performance.
4. **Digital transformation:** Employ smart automation and other emerging technologies to improve efficiency and eliminate dependency on manual tasks.
5. **Skill gaps:** Close skill gaps in stakeholder relationships, business acumen, change leadership, strategic thinking, data savviness and customer-centric design.
6. **Operating model:** Reinvent the procurement operating model to address bureaucracy, lack of collaboration and speed.
7. **Agility:** Improve procurement agility through simplification, empowering decision-making and calculated risk-taking, deploying flexible teams, remote working, third-party staff augmentation, digital processes and streamlined governance.
8. **Risk management:** Enhance third-party risk management capabilities across a broader range of risk exposures, going deeper into the levels of the supply chain and continuous risk monitoring throughout the supplier life cycle.
9. **Data and insights:** Develop a strong master data program and supporting company culture, employ the right tools to improve spend insight and access required analytical skills.

