

Procurement is Helping Companies Ride Out the Storm



A new report from Ardent Partners outlines the top trends impacting the world's procurement departments and what's in store for the rest of 2021.

The second year of this new decade began amid great uncertainty and a global pandemic that won't be easily eliminated. In a new procurement report, Ardent Partners predicts that 2021 will be a "year of transition" as the world begins to operate in a post-COVID-19 world driven by new ideas, new innovations and new leaders.

"While the procurement industry is consistently evolving and shifting, 2021 begins after a truly unprecedented year," the company states in *Procurement 2021: BIG Trends and Predictions*. "In 2020, CPOs and their teams were forced to face massive disruptions, extreme threats, and entirely new challenges brought on by the COVID-19 pandemic. By and large, procurement leaders worked valiantly to ensure business continuity, build supply chain resilience, and prepare their enterprises for the next economic phase."

Against this backdrop, Ardent Group says that procurement has "never been more important" to business operations and results. Here are some of the top trends that it says buyers should be keeping an eye on as the year progresses:

- **Disruption has become the "new norm."** In early 2020, CPOs and procurement leaders around the world were suddenly faced with an entirely new set of challenges, accelerated by a global pandemic that has disrupted an interconnected business world and its supply chain. Roughly 70% of all procurement teams have felt either an extraordinary or significant impact, Ardent Partners reports. On a positive note, it says that procurement showed its resilience in how it responded to the pandemic. "More difficult days lie ahead, but the end of the pandemic is closer than its beginning," the company adds. "It is clear that the impact of the pandemic on procurement

and society, at large, will far outlast the Coronavirus itself"

- **The uncertainty isn't going away anytime soon.** Since COVID impacted every facet of society, its continuing impact and all of the associated "unknowns" means that pervasive uncertainty will remain a major force in 2021. "While early reports of the vaccine impact are promising, it remains unclear as to when enough vaccines will be distributed to make society safe," Ardent Partners states. "Additionally, new virus strains are emerging on a regular basis and the efficacy of the current vaccine to protect against these new strains is unknown."

- **Procurement's role is more crucial than ever.** In 2021, Ardent Partners say that a majority of CPOs (53%) believe that their departments made a major or significant impact on the enterprise over the last 12 months, while another 42% believe that their impact was solid or notable. To bolster the case that procurement is trending up, only 5% believe that their impact was small, insignificant or negative. CPOs (or their equivalents by role and title) now exist in more than 90% of large enterprises today, it adds, compared with less than 50% just 15 years ago. A large portion of those CPOs believe that their departments' impact is making a major difference, and 87% believe that their impact increased during the pandemic, while almost no CPOs felt that their momentum was trending in a negative direction in 2020, the company reports.

- **Cash preservation is a key focus.** Once the pandemic emerged, the CPO's focus shifted to (1) prioritizing cash management, (2) increasing savings, and (3) improving supply chain visibility. "In times of great stress and uncertainty, businesses revert to their more basic 'selves.' This means that right now, cash is king and savings is a top priority," Ardent Part-

ners points out. “In response, sourcing teams are increasing sourcing activity and the number of RFPs they are bringing to market.”

Slow Supply Chain Shifts

Given the events of 2020, Ardent Partners also expects most procurement organizations to reimagine how they design their global supply chains. “Driven by a significant rise in nationalism and larger concerns for the level of security risk that is posed by having certain items manufactured abroad,” the company states, “there will be a push to localize large portions of some supply chains.”

Given the current state of the economy and the costs of switching, Ardent Partners expects these supply chain shifts to happen slowly and gradually (and not in 2021).

