

Getting Supply Chain and Procurement on the Same Page



During times of volatility and uncertainty, smart organizations are ensuring that their supply chain and procurement departments are on the same page and working toward similar goals.

As companies continue to work through the complexities of the ongoing global pandemic, a persistent labor shortage, geopolitical turmoil and ever-changing customer demands, misalignment in the supply chain can cause significant problems. A recent North Carolina State University (NCSU) and GEP study states that companies are often aware of the potential issue but aren't always prepared to fix it.

In their *Supply Chain Convergence in a Disruptive Environment* report, the two groups say that nearly 60% of supply chain executives surveyed are dealing with procurement-supply chain gaps while about 55% are grappling with warehouse/transportation gaps.

“Out of all the supply chain executives surveyed, 59% rated the procurement and supply chain gap as a ‘major issue,’” the report says. “This was rated as the No. 1 gap in the supply chain according to the survey, out of the nine common gaps examined.”

Those gaps can lead to serious problems. In fact, 58% of supply chain executives reported that the gaps can result in higher costs, 47% were concerned the gaps result in longer cycle times and 42% reported the gaps negatively impact organizational resiliency. The study also revealed a misalignment on priorities:

- Procurement executives ranked their No. 1 priority as reducing costs.
- Supply chain executives ranked ensuring on-time delivery of supply as their top concern.
- 74% of procurement executives said that achieving the lowest cost was an important priority for their departments.
- 56% of supply chain executives reported that on-time delivery was an important priority.

Procurement and supply chain were in sync on other points. For example, supply chain visibility and supply chain collaboration—both internal and external—were the top two pain points cited by procurement and supply chain executives, according to the survey. And, disconnected processes and siloed data—two issues that companies across the board are dealing with and working to mitigate—were the other top challenges cited in the survey.

Better Supply Chain Convergence Wanted

According to GEP and NCSU, smart enterprises are aligning their procurement and supply chain functions in a way that addresses the key pain points identified in the report. This, in turn, will help organizations build resiliency at a time when they need it most.

“This requires supply chain convergence — a uniting of the critical processes and information flows across the organization and supply chain,” they advise. “The foundation of better alignment is greater supply chain visibility and collaboration.” To begin building that foundation or improve upon existing IT infrastructure, GEP and NCSU say companies will need:

- Solutions that offer flexible workflows
- Solutions that provide master data management
- Supply chain visibility solutions
- Control towers
- Collaboration platforms

“The CIOs interviewed for this study understood the critical importance of supply chain visibility solutions, in close alignment with CPOs and CSCOs,” they point out in the report. “However, there was a major gap in the CIO’s understanding of the need for collaboration solutions and analytics applications as compared to CPOs and CSCOs.”

For example, they say CIOs tend to be “behind the curve” in understanding what the business needs to be able to execute. “CIOs need to align with business leaders and embrace collaboration solutions to help drive business outcomes,” GEP and NCSU say. Platforms that provide high levels of supply chain visibility, support good collaboration and provide access to real-time data and analytics, for example, can help to get everyone on the same page and working from the same playbook.