

The 2024 Annual

ProcureCon CPO Report

How the Role of the CPO Has Changed and
What That Means for Processes, Technology
Implementations, Sustainability, and More



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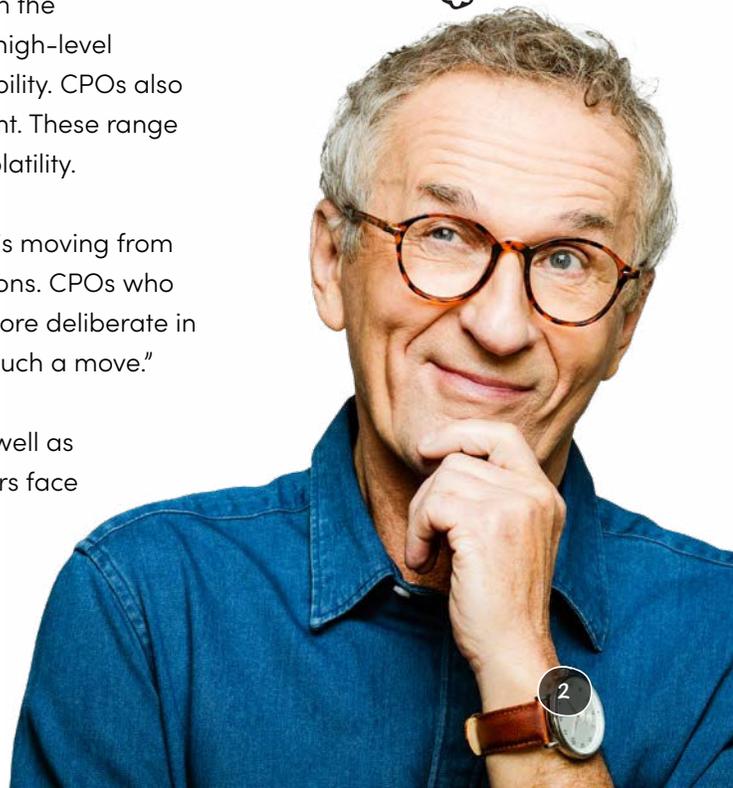


Executive Summary

The Chief Procurement Officer (CPO) now plays a critical role in the organization, not only in the procurement function, but also in high-level decision-making regarding strategy, technology, and sustainability. CPOs also face several challenges in the current procurement environment. These range from supply chain disruptions to inflation and global market volatility.

According to **Korn Ferry**, "The chief procurement officer (CPO) is moving from a behind-the-scenes role into the spotlight at many organizations. CPOs who have their sights on moving into top leadership can become more deliberate in their career development, to improve their readiness to make such a move."

This report explores how the role of the CPO has changed, as well as what challenges and opportunities today's procurement leaders face regarding processes, technology implementations, and more.



About the Respondents

The WBR Insights research team surveyed supply chain, procurement, and risk management leaders from companies across the U.S. and Canada to generate the results featured in this report.

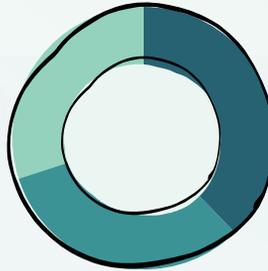
More than one-third of the respondents occupy roles in supply chain operations (38%). The remaining respondents occupy roles in procurement (32%) and risk management (30%).

Half of the respondents are C-level executives. The remaining respondents are senior vice presidents (9%), vice presidents (11%), department heads (9%), senior directors (10%), or directors (11%).

The companies represented in the report are from a variety of verticals, including consumer products (10%), manufactured goods (10%), telecom, electronics, and high-tech (10%), and others.

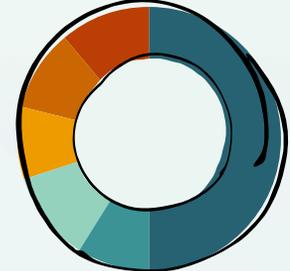
The companies represented in the report vary in size, as measured by spend under management. Almost one-third of the respondents (32%) are from companies that have more than \$10 billion in spend under management.

What best describes your role?



- 38% Supply Chain
- 32% Procurement
- 30% Risk Management

What is your seniority?



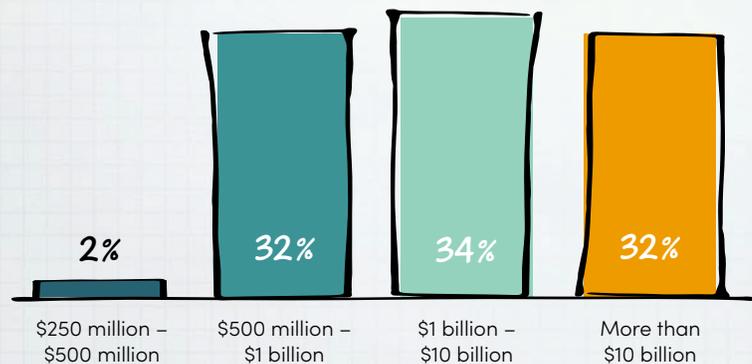
- 50% C-Level
- 9% Senior Vice President
- 11% Vice President
- 9% Head
- 10% Senior Director
- 11% Director

What industry does your company represent?



- 10% Consumer products
- 10% Manufactured goods
- 10% Telecom, electronics, & high-tech
- 10% Chemicals, plastics, & polymers
- 10% Industrial manufacturing
- 10% Pharmaceutical
- 10% Medical devices
- 10% Energy, oil, & gas
- 10% Aerospace & defense
- 10% Automotive

What is the total amount of spend under management within your organization?



Key Insights

Among the respondents:

46%
claim their CPO **now plays a bigger role in high-level decision-making.**

48%
say their CPO is **directly involved in negotiations with only their most critical suppliers.**

44%
say their CPO **has led initiatives to adopt AI in the past 12 months.**

46%
say delivering on ESG and sustainability goals **are high priority over the next 12 months.**

64%
say their procurement KPIs are somewhat closely linked to sustainability goals, **while 27% say they are very closely linked.**

The top three focus areas for CPOs in the next 12 months are:

35% Technology implementation and transformation

43% Process improvement

37% Supply chain disruption

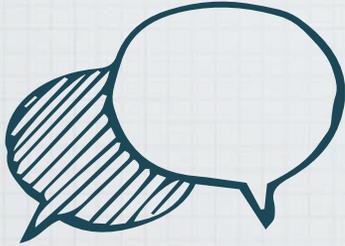
56% say their procurement leadership currently **plays a moderate role in sustainability decision-making, but 30% say they play a large role.**

53% say reducing costs is **a high priority over the next 12 months.**

51% say they have **only begun to make progress** on their 2024 strategy planning.

In each case, 49% say they plan to invest in ESG strategy development and sustainable sourcing over the next year as part of their ESG capabilities.

34% claim they need better capabilities to resolve inefficiencies in their electronic sourcing and purchasing processes — **27% say they need better contract lifecycle management capabilities.**



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Your procurement organization faces daily challenges in an ever-evolving and competitive market landscape with finite resources to support day-to-day operational requirements.

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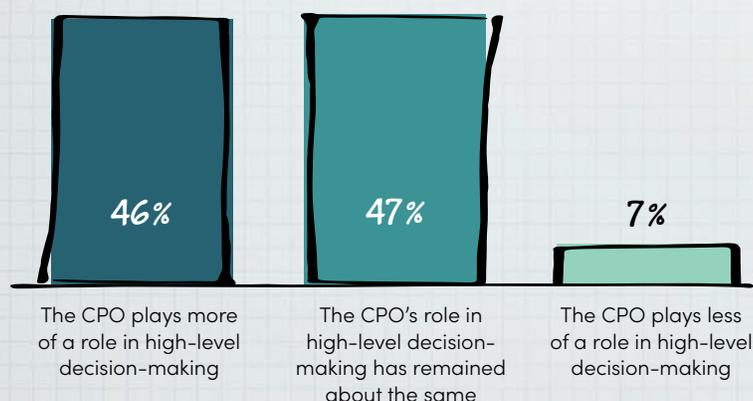


CPOs Are Now Strategic Decision Makers and Technology Champions Within the Organization

In an increasingly complex and challenging procurement landscape, the role of the CPO has undergone a significant transformation. No longer confined to the traditional procurement function, the CPO now plays a strategic role in steering the direction of the organization.

As we will learn, today's CPOs engage in high-level discussions about strategy, technology, and sustainability. They have an influential seat at the table, shaping and driving strategic decision-making.

In the past two years, how has your CPO's role in high-level decision-making evolved?

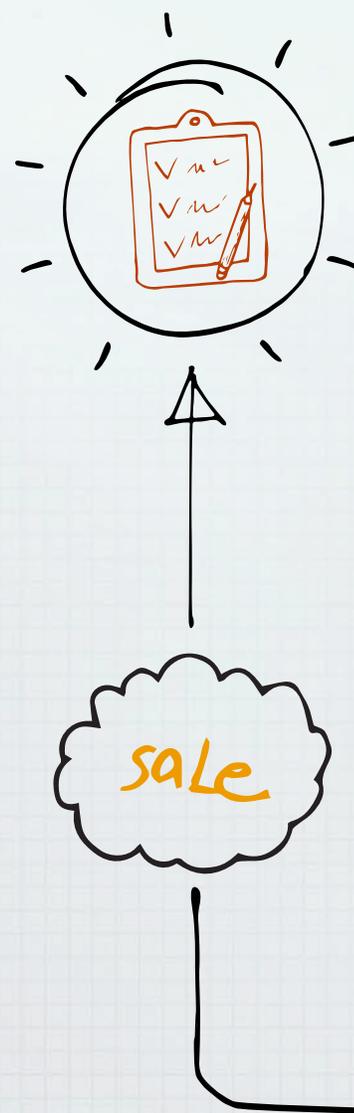


The study reveals that a significant 46% of participants acknowledge an enhanced role of the CPO in top-tier decision-making. Conversely, 47% of the respondents say the CPO's role in high-level discussions hasn't changed over the past two years. However, only 7% say the CPO's role in high-level decision-making has diminished.

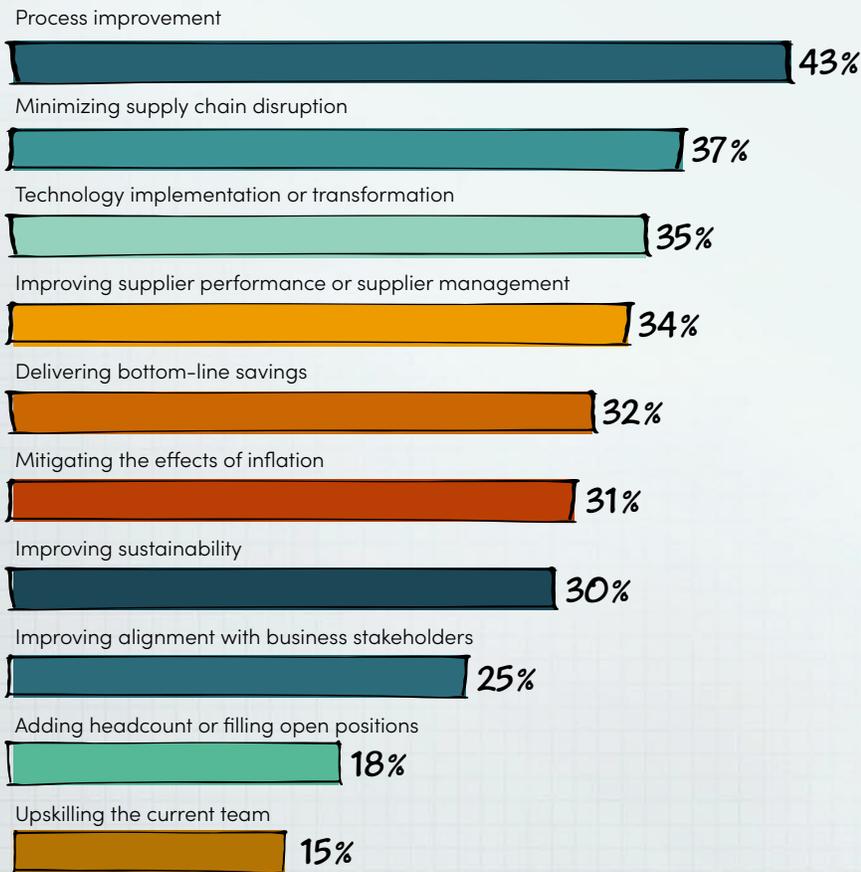
This shift in the CPO's role is not insignificant.

The expanded role of the CPO in high-level decision-making indicates a shift in the organizational significance of the procurement department. It underscores the recognition that procurement is not merely a function, but a strategic arm that can drive business value.

It's also a promising sign of procurement's growing influence and its potential to shape business-critical initiatives. CPOs will have more opportunities to drive their own strategic objectives with the support of the rest of the company.



Among the following options, which are your CPO's top three focus areas in the next 12 months?

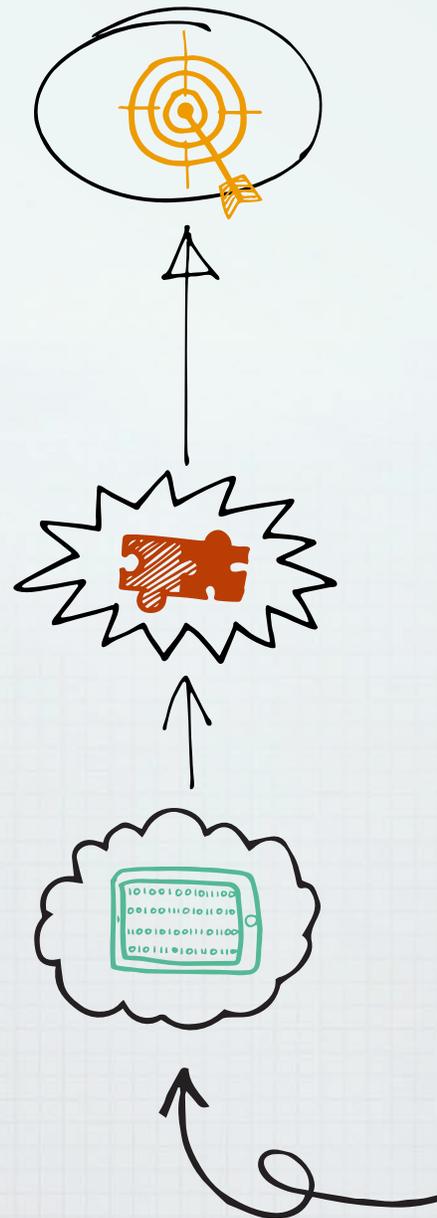


Process improvement is a significant focus for 43% of CPOs in the upcoming year. Also important are the needs to mitigate supply chain disruption and implement or transform technology, with these areas being a priority for 37% and 35% of the respondents respectively.

The emphasis on these aspects underscores the evolving nature of the CPO's role in contemporary organizations. Today, procurement leaders are not merely operational heads; they are strategic visionaries driving innovation and change.

Prioritizing process improvement indicates an ongoing drive for efficiency and cost-effectiveness in procurement operations. The focus on minimizing supply chain disruption illustrates the proactive role that CPOs are expected to play in risk management in an increasingly volatile global market.

Lastly, the interest in technology implementation or transformation reflects the growing recognition of technology as a game-changer in procurement, enhancing transparency, speed, and strategic decision-making capabilities.



Nonetheless, CPOs still play a proactive role in ground-level operations within the procurement department, including negotiations.

Almost half of the survey participants (48%) say their CPO actively participates in discussions with suppliers, but only with the most vital ones. A quarter of those surveyed claim their CPO is engaged in negotiations with critical suppliers. A smaller fraction, 7%, maintain their CPO is involved directly in negotiations across the majority or the entirety of their supplier base.

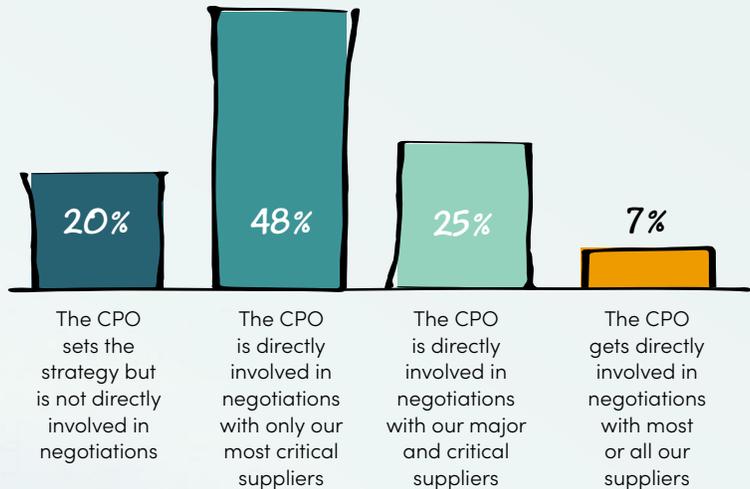
This finding is significant as it shines a light on the dynamic and evolving role of the CPO. It underscores the CPO's expanding influence, not just within the procurement function, but also in high-stakes negotiations with key suppliers. This involvement positions them as strategic advisors, instrumental in shaping business strategies, technology adoption, and sustainability initiatives.

It also hints at the challenges CPOs face, balancing their traditional responsibilities with these new, broader roles within their organizations. However, the fact that most CPOs only step in during negotiations with critical suppliers suggests that they are taking a less hands-on approach in negotiations and are much more focused on high-level strategy.

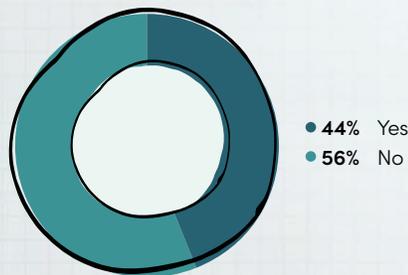
CPOs also act as leaders in helping the organization acquire and implement critical technologies. Artificial intelligence (AI) has emerged as one of the most transformative technologies across industries, and it has significant implications for every department within the company, including procurement.

Almost half of the participants (44%) report that their CPO has spearheaded efforts to procure, incorporate, or adopt artificial intelligence (AI) technologies within the last year. This finding holds considerable significance, as it implies the CPO is becoming a champion of technological innovation and transformation within the company.

What role does your CPO currently play in negotiating contracts?



Has your CPO led any initiatives to acquire, implement, or adopt artificial intelligence (AI) in the past 12 months?



Respondents Discuss How CPOs Are Driving AI Adoption

In conversations with respondents whose CPOs have helped adopt AI, researchers asked specifically how their CPOs contributed to the successful acquisition of new AI technology as well as how that technology will be used in the procurement function.

The respondents' statements make clear the pivotal role their CPOs have played in the successful acquisition and integration of AI technology into their respective procurement departments.

One respondent outlined the CPO's instrumental role in selecting an AI solution that not only automated complex functions but also brought **"more control on the availability of supplies."** This sentiment was reinforced by another respondent, who stated that their CPO's expertise in digital operations **"helped procure favorable AI technology,"** which improved their organization's supplier ecosystem.

The CPO's ability to identify and select AI technology tailored to the organization's unique needs was crucial in the successful integration process.

The application of AI technology within the procurement function is multi-fold, according to the respondents.

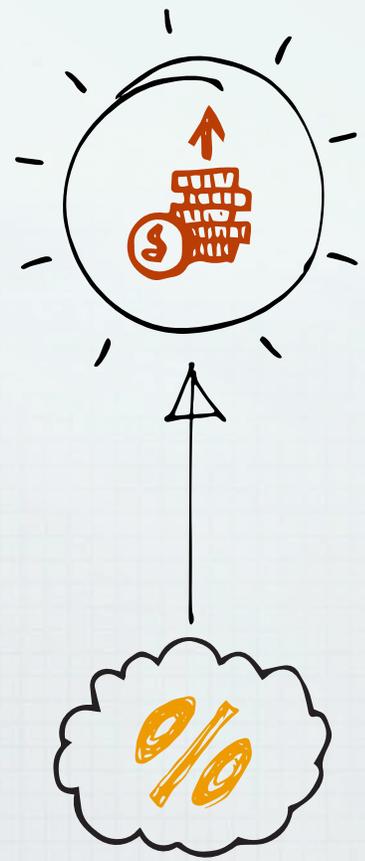
One respondent highlighted AI's role in generating **"accurate and reliable analytics reports,"** which has allowed their organization to make data-backed decisions and predict procurement opportunities and challenges.

In addition, AI technology has also improved supplier relationship management. According to a respondent, their new AI tool has optimized functions, reduced manual work, and made **"competitive pricing possible."**

Another respondent emphasized how the acquisition of AI has led to more seamless sourcing processes.

Looking forward, respondents foresee AI becoming even more integral to the procurement function. One respondent noted that AI **"will be used more often in the future"** to manage records and contracts, while another predicted AI's broader application in determining optimum sourcing practices and selecting the right partners.

The consensus among the respondents is that the use of AI in procurement is not the end result of a digital transformation process, but the beginning of a journey towards continuously improved, efficient, and data-driven procurement functions.



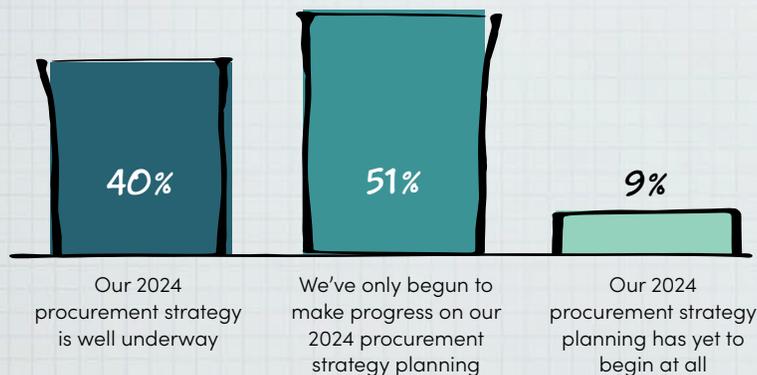
Procurement Leaders Are Focusing on Digital Transformation and Improving Process Speeds

The past few years of procurement have been marked by disruptions.

Although the COVID-19 pandemic is no longer top-of-mind for most business leaders, its effects are still reverberating across the supply chain. Procurement teams are also operating in a much more digitized and automated environment than they once were, and they are contending with a new wave of disruptions and economic currents.

Companies must be prepared for a markedly different procurement landscape in 2024.

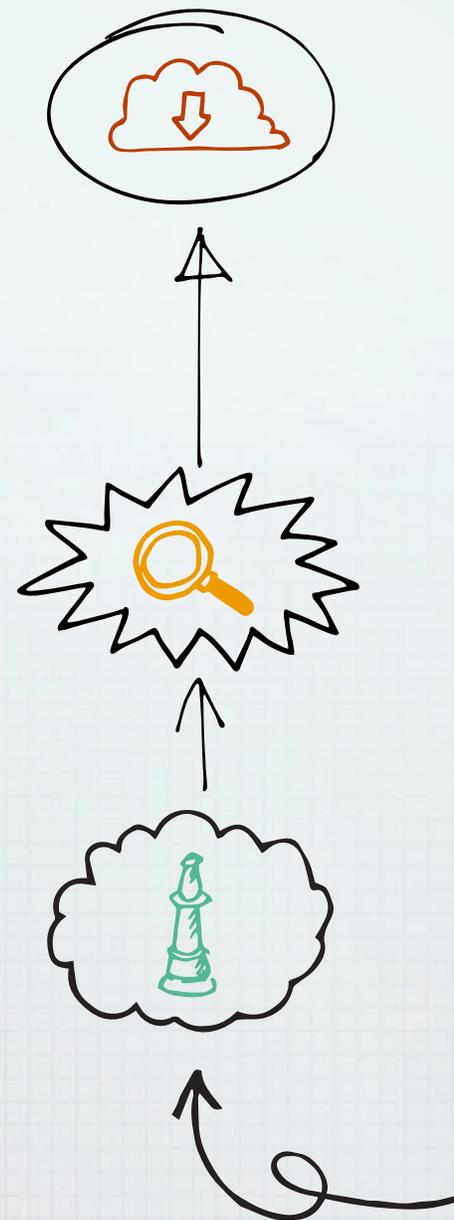
What is the current status of your 2024 procurement strategy planning?



Half of the survey participants (51%) report that they are still in the initial stages of mapping out their procurement strategy for 2024. A smaller fraction (9%) has not started this crucial planning process at all.

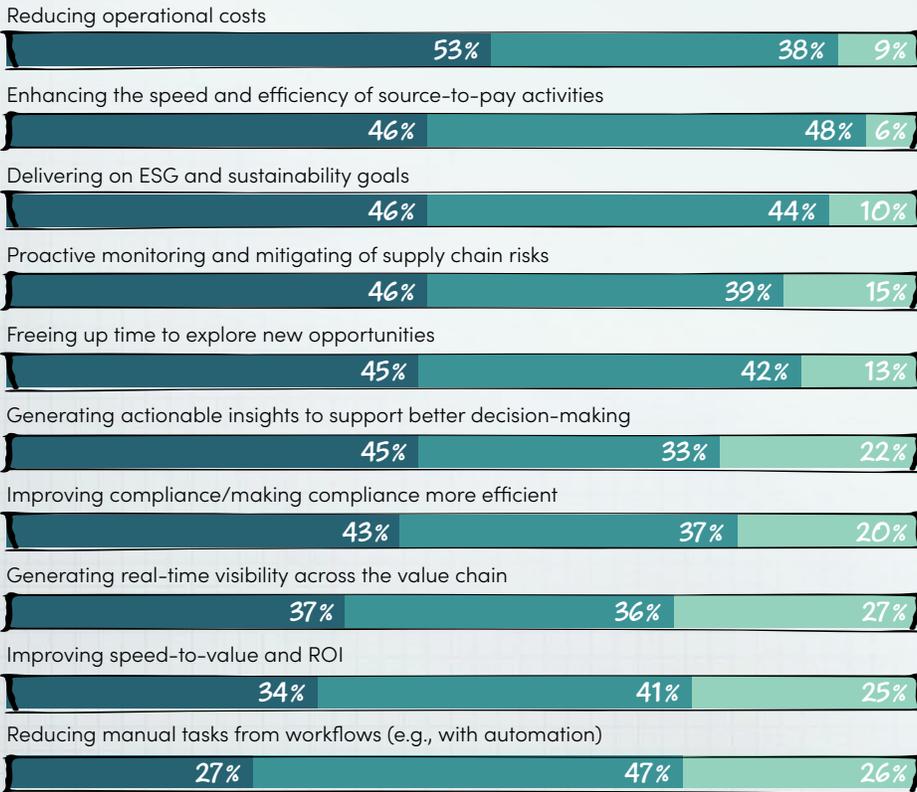
The role of procurement in an organization is no longer limited to operational aspects—it's a strategic function. Yet, the data suggests that many businesses are yet to fully engage in the strategic planning required for success in the procurement landscape of 2024.

The delay in planning may indicate potential challenges among procurement leaders in adapting to new processes or technology implementations, highlighting an area where further attention and resources may be necessary.



How much of a priority are the following efforts for your CPO in the next 12 months?

● High Priority ● Moderate Priority ● Low Priority

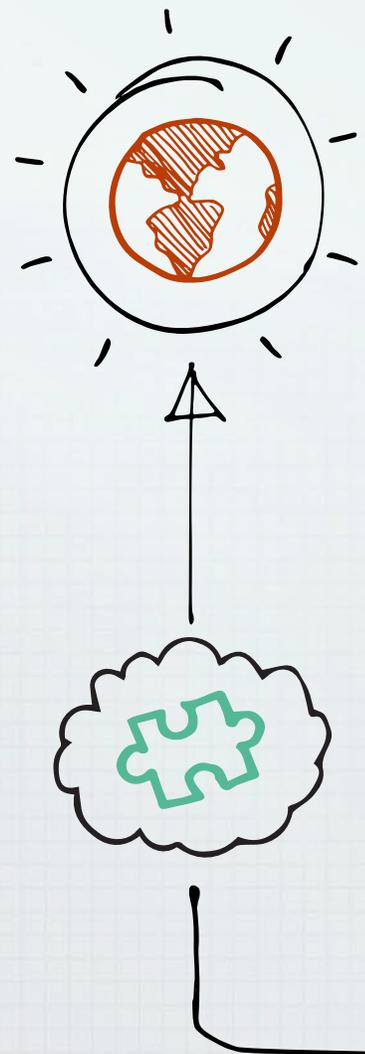


CPOs are also setting a robust and diverse set of priorities, each of which will require investments and efforts by procurement teams. A significant 53% of participants indicate that cost reduction remains a leading priority. However, almost equal importance is being attributed to other critical areas.

There is a compelling focus on enhancing the efficiency of source-to-pay activities, with 46% of respondents acknowledging it as a high priority.

Equally noteworthy is the emphasis on environmental, social, and governance (ESG) and sustainability goals. A substantial section of the respondents (46%) highly prioritize these aspects, demonstrating that procurement leaders recognize their role in driving sustainable practices within organizations.

Moreover, the same proportion of participants (46%) view proactive monitoring and mitigation of supply chain risks as a high priority. This signals that procurement is taking on a strategic role in managing business risk. Likely these priorities will drive investments in the coming months, particularly in the realm of digital transformation.



Almost one-third of the survey participants (32%) indicate that investing in digitization to minimize manual data entry would yield the most significant enhancements to their procurement operations' efficiency and effectiveness.

Modern procurement leaders are cognizant of the potential of digital tools to optimize traditional processes, reduce human error, and increase productivity. The transition from manual to automated processes marks a pivotal shift in the procurement landscape, setting a new benchmark for operational efficiency and the potential for dramatic improvements in operations.

The most pressing area for improvement within the procurement function is digital procurement platforms, as indicated by 34% of the participants. This finding underscores the need to address inefficiencies in electronic sourcing and purchasing processes.

On the other hand, contract lifecycle management, encompassing contract initiation, execution, compliance, and renewal, is identified by 27% of the respondents as an area needing better capabilities.

Optimizing digital procurement platforms presents a considerable opportunity to streamline operations, reduce costs, and enhance sourcing efficacy. Moreover, an improved contract lifecycle management process can promote better contract compliance, reduce legal risks, and foster healthier supplier relationships.

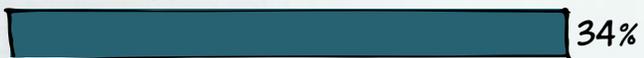
These areas play a crucial role in shaping the future of procurement, and thus, the strategic direction of the organization.

In which of the following areas would additional investment improve the efficiency and effectiveness of your procurement operations the most?



In terms of technology supporting your procurement functions, which area do you believe needs most improvement or better capabilities?

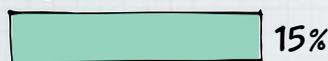
Digital Procurement Platforms: Inefficiencies in electronic sourcing and purchasing processes



Contract Lifecycle Management: Challenges in managing contracts from initiation through execution, compliance, and renewal



Data Analytics & Reporting: Difficulty in extracting meaningful insights from procurement data



Supplier Relationship Management (SRM) Systems: Challenges in managing and optimizing supplier relationships



ESG Tracking Tools: Lack of effective tools to monitor and report on ESG metrics



Procurement Leaders Play a Significant Role in Sustainability Decisions

Procurement's role in sustainability and Environmental, Social, and Governance (ESG) considerations has become increasingly significant in recent years. As organizations worldwide strive to align their operations with global sustainability initiatives and ESG standards, the role of the CPO has evolved to encompass these critical areas.

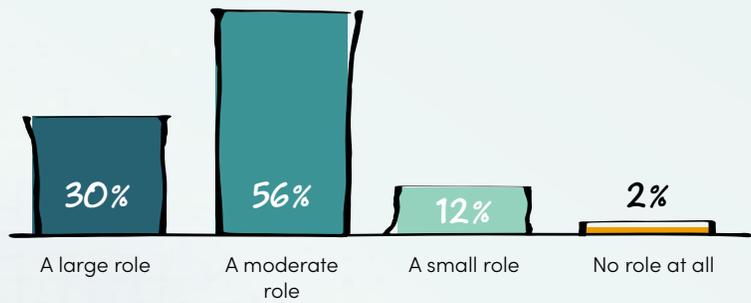
Procurement also has a unique opportunity to lead the organization in sustainability initiatives. This is because, by its very nature, procurement and supply chain operations are deeply intertwined with the organization's carbon output, its impact on global communities, and its role in obtaining goods and services from sustainable sources.

Most of the respondents (56%) say their procurement leaders play a moderate role in sustainability decisions within their organizations. Additionally, 30% say their procurement leaders play a large role in sustainability decision-making.

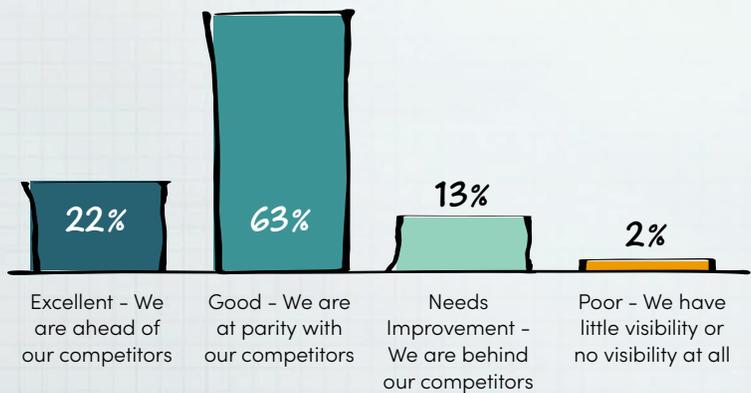
These results indicate a clear recognition of the procurement function's critical influence on sustainable operations. Today's CPOs are becoming key players in promoting and implementing sustainable practices within their organizations.

A significant majority of participants, 63%, consider their procurement team's insights into supplier sustainability metrics to be on par with their competition. Notably, 22% view their team's understanding as superior to their competitors. This finding underscores the priority organizations place on sustainability

What role does your procurement leadership currently play in sustainability decision-making at your organization?



How would you rate your procurement team's visibility into the sustainability metrics of your suppliers?



within the procurement process. It also suggests that sustainability could become a much more important competitive factor for organizations.

There has been a shift in challenges faced by today's CPOs and procurement departments. They must now balance cost-effectiveness with sustainable procurement practices to stay competitive.

A significant proportion of participants, a combined 91%, indicate that their procurement function's key performance indicators (KPIs) are tied to their company's sustainability objectives at least somewhat closely. This relationship was reported as being "somewhat close" by 64% of respondents and "very close" by 27%.

Procurement departments are increasingly aligning their activities and benchmarks with broader organizational sustainability ambitions. However, the fact that the connection was described as only "somewhat close" by a substantial majority suggests that the incorporation of sustainability into procurement practices is not yet fully realized.

There is an evident movement in this direction, but the complete integration of sustainability into procurement strategies and operations remains a work in progress.

Nonetheless, a significant portion of procurement teams, 49%, are planning to invest in ESG strategy development within the coming year. This involves creating a concrete strategy to incorporate ESG considerations into their procurement decisions.

Similarly, 49% are also focusing their resources on sustainable sourcing. This aspect includes acquiring the necessary training and tools to source goods and services that have a reduced environmental and social footprint.

This finding indicates that, although most companies haven't completely aligned procurement with sustainability, there is a growing commitment among industry leaders to not just consider cost-effectiveness, but also the broader, long-term impacts of their decisions.

How closely are your procurement KPIs linked to enterprise sustainability goals in your company?



- 27% Very closely
- 64% Somewhat closely
- 9% Not very closely

Which skills and capabilities related to ESG does your procurement team plan to invest in or enhance over the next year?

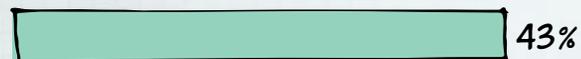
Sustainable Sourcing: Training and tools to source products and services with a lower environmental and social impact



ESG Strategy Development: Crafting a clear roadmap and strategy for integrating ESG into procurement decisions



ESG Data Analysis: Building capabilities to extract and interpret ESG metrics from procurement data



Supplier ESG Audits: Enhancing skills to conduct thorough ESG evaluations of suppliers



Stakeholder Engagement: Building skills to engage with internal and external stakeholders on ESG/sustainability matters



Furthermore, the move towards ESG strategy development and sustainable sourcing showcases a pivot towards responsible procurement, mirroring global trends towards more sustainable and ethical business practices.



Conclusion: Procurement Leads the Organization in Sustainability and Technology

The findings of this report underscore the evolving role of the CPO in the modern organization. CPOs are no longer confined to traditional procurement duties. They now play an integral role in high-level decision-making, particularly in areas of strategy, technology, and sustainability.

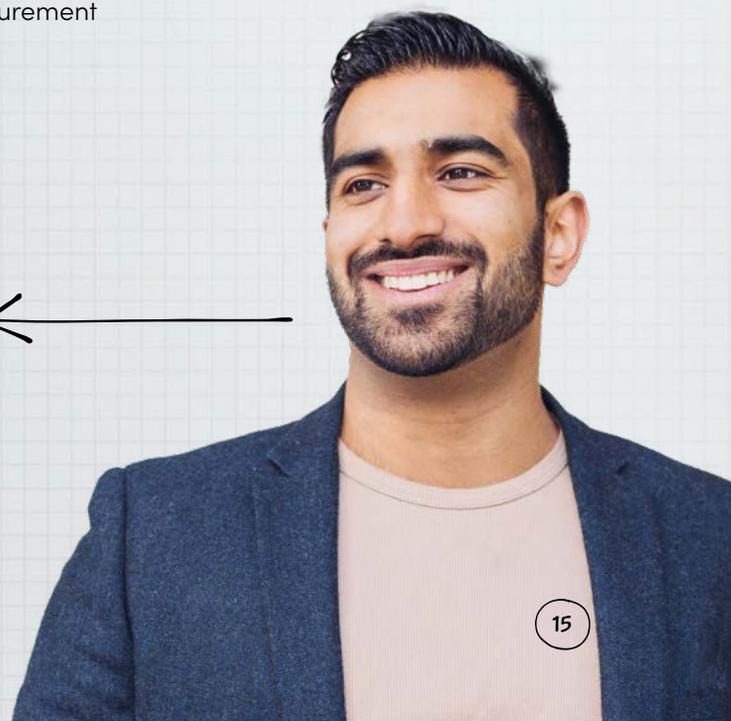
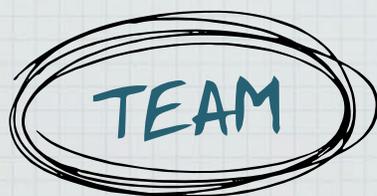
The shift towards digital procurement, improved contract lifecycle management processes, and groundbreaking technologies like AI is a testament to this evolution. These elements not only streamline operations but also contribute to cost reduction and foster healthier supplier relationships.

Procurement also plays a much more significant role in promoting sustainability within the organization. The survey results show that a majority of procurement leaders are involved in sustainability decisions to a moderate extent. Procurement departments are also increasingly aligning their KPIs with their company's sustainability objectives, signifying a move towards more sustainable and ethical business practices.

Despite only a "somewhat close" connection, the trend indicates a movement towards fully integrating sustainability into procurement strategies and operations.

The emerging role of the CPO as a strategic leader in sustainability, technology, and transformation is a clear indication of the broader, long-term impacts of procurement decisions. This shift brings about a refreshing change in perspective from cost-effectiveness to responsible procurement.

As the procurement function becomes increasingly strategic, the CPO must balance traditional procurement objectives with the sustainability and technology aspirations of the organization, redefining the procurement landscape in the process.



Key Suggestions

1

Invest in Digital Procurement and AI Technologies:

As the role of the CPO continues to evolve, the adoption of advanced technologies has become crucial. Implementing digital procurement systems and AI can streamline operations, reduce costs, and improve supplier relationships. The benefits of these technologies are clear, hence, investing in them should be a top priority.

2

Incorporate Sustainability into Procurement Practices:

A significant portion of procurement leaders are involved in sustainability decisions. Fostering closer ties between procurement KPIs and company-wide sustainability objectives can help to fully realize sustainable procurement. This alignment not only supports ethical business practices but also positions the company favorably in an increasingly eco-conscious market.

3

Develop a Concrete ESG Strategy:

With many procurement teams planning to invest in ESG strategy development, it's crucial to prioritize this task to stay competitive. Creating a concrete plan to incorporate ESG considerations into procurement decisions can profoundly impact the organization's overall sustainability and social responsibility profile.



4

Balance Cost-Effectiveness and Responsible Procurement:

As procurement becomes more strategic, leaders should balance traditional cost-effectiveness with the broader, long-term impacts of procurement decisions. This approach entails considering responsible procurement strategies that incorporate sustainability, ethics, and long-term value.

BUSINESS



About the Authors



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