The Supply Century

Andrew Coulcher, Group Knowledge and Membership Director CIPS
“The Voice, the Standard”

The largest global professional body in Procurement and Supply
• Offices on 4 continents in 6 countries
• Community of over 120,000 in more than 100 countries

The global standard for the profession
• Mandated by sovereign countries, multi-lateral agencies and multi-national companies

The profession’s advocate for ‘Licensing the Profession’

The only professional P&S body to degree level, independently regulated

The leading voice of the profession
• www.cips.org - c1.3 million annual users

Leading global excellence in procurement and supply
The Global Environment

Economic Shifts
- Global trade deals – a new paradigm?
- Rise of the east and mega cities

Key Trends (CEO concerns)
- Cyber security
- Increasing supply risk

Human Knowledge
- Will double every 12 hrs by 2020

Changing Business Models
- Digital economy
- The rise of Block chains, Internet of things and AI

Ethics and Compliance
- Increased regulatory pressures
- Clean supply chains

Rise of protectionism
- NTBs (Non-tariff barriers)
The Procurement and Supply Environment

Outsourcing
- Offshoring/reshoring trends
- Divestment of assets

Public Procurement
- Increasing % of Global GDP (20%+)
- Increasingly used for protectionist policies

Changing Expectations
- 48% of CEOs believe CSO will be a boardroom role by 2020

Technology
- 3D printing
- Big data & Digital Supply Chains

Supply Risk
- Lowering tolerance of risk (Modern slavery / Supply Chain Cyber security)

Mergers and Acquisitions
- 60-80% M&A fail often due to Procurement non-involvement
Supply Chain Risk

• Global supply chain risk climbed to its highest level in 24 years
• Western Europe’s contribution to global risk steadily increased throughout 2016
• Rise of economic nationalism causes uncertainty for global supply chains

“Amidst exchange and commodity volatility, currency hedging will remain vital, while contingency plans must be put in place to protect supply chains from foreseeable trade barriers.”
How Resilient Are You?

- **83%** of CEOs believe their supply chains are not optimal to meet today’s demands.
- **81%** of businesses experienced at least one supply chain disruption last year.
- **15%** believe their supply chain is resilient enough to address external disruptions.
- **60%** pay only marginal attention to risk reduction processes.
Artificial Intelligence

- Those implementing this technology are not seeking our permission to implement.
- Algorithms with intelligence can replace large parts of our roles.
- Their arrival is raising the intellectual entry point.

“To benefit from AI, managers will need to sharpen EI.”

Source: The Future of Employment: How susceptible are jobs to automation, Michael Osborne and Carl Frey, Oxford University.
Burning Platform 3 – Ethical Supply

45.8m people are forced to live in slavery

Third world 20% leakage in government budgets due to fraud

More than US $1 trillion are paid in bribes annually

Corruption adds 10% to the cost of business and 25% to public procurement in developing countries

Every day 6,300 people around the world die from work-related accidents or diseases

How many tiers of your supply chain would you ascertain your organisation have visibility of?

15% First Tier only
57% First and Second Tier only
17% Tier Three and Beyond
11% Complete Visibility all the way down

CIPS YouGov Survey 2014 Base: B2B senior decision makers whose business has a supply chain
Technology and the disruption that is has caused to traditional procurement roles...

- eProcurement tools have enabled the business to self serve “everyone’s a buyer”
- With increased automation comes a contraction of roles
- Procurement’s role is elevated where AI meets EI
From gatekeeper to trusted advisor...

- CIPS must cross-skill other professions who carry out procurement

- Elevated role of “Trusted Adviser” and “Guardian of the Standard”
The boundaries of the profession stretch, change shape and become blurred...

- Today’s problems are often too difficult to solve by one department
- A shift to more trans-disciplinary and cross-functional working
Architects of innovation...

- A new era of “interpreneurs” are leading on innovation
- Procurement and supply professionals are at the juncture where innovation and cash coincide.
Procurement and supply is an agent of change...

- Senior procurement professionals should place more focus on becoming effective ‘change leaders’

- Procurement can take a leading role in shaping policy designed to alter behaviour globally
The Supply Century

We must shape our future, not wait for others to decide it for us

- CIPS position paper which manifests latest thinking and implications - October 2016
- New CIPS 2016/7 President, Sam Walsh will continue the debate at CEO roundtables next year
- Academic research with Aston University early 2017

“The best way to predict the future is to make it” – Alan Kay
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