

2010 Key Priorities for Supply Chain Executives

Resources Global Professionals has just completed its annual survey of supply chain executives. These leaders are telling us that in the wake of the global economic crisis, supply chain managers have been forced to “do more with less” and re-evaluate all of the ways that they conduct business. This mandate has elevated the supply chain role to play a critical part in managing costs and creating efficiencies across the enterprise.

More than 200 Chief Procurement Officers and supply chain executives participated in the survey; 80% of the companies being publicly-traded and 66% with global or multi-national operations with headquarters in North America, Europe and Asia.

Key Takeaways from the Survey Include:

Organizational capability, execution and metrics are a key concern for leadership. Efficiency, performance, adaptability, senior management and internal business support are their keys to future success.

Cost containment and cost reduction remain high priorities for supply chain organizations.

Strategic Sourcing continues to be a major focus with emphasis on spend categories not previously addressed – particularly areas formerly that were deemed “off limits.”

Key Supplier Relationship Management is a priority and gaining momentum in emphasis by senior management.

Inventory and Materials Management focus will continue to be scrutinized 2010.

Technology and tools in supply chain must be improved to optimize efficiency, free staff for more strategic vs. transactional activity.

Professional development of staff is a challenge with continued budget constraints but remains a high priority

Contract Management continues to be important particularly as it relates to mitigating risk and ensuring compliance.

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The ebbing tide of the economy these past two years laid bare the inefficiencies of our indirect spend and internal operations. The current environment now requires us to re-prioritize the way we do business and manage all spend budgets for maximum impact.

~ Leading Supply Chain Executive

Summary of Findings

- 56% have established a **Supply Chain Governing Council** or oversight committee to provide guidance and strategy development.
- 82% say that **cost reduction/cost containment** objectives are one of the highest priorities
- 94% say **Strategic Sourcing** is the cornerstone of their supply chain plan.
- 71% are pursuing or evaluating **Low Cost Country Sourcing**.
- 59% have a medium level of confidence in their **Purchase-to-Pay** process improvement review.
- 86% have a strong **ERP system** or are building one to support supply chain performance.
- Only 15% indicated that they have a strong **Supplier Relationship Management** program but 49% will be strengthening one this year.
- 23% of respondents have highly effective **Contract Management** functions but 77% believe contract management needs more focus.
- 50% are considering or have accomplished **off-shoring** part of their supply chain function.
- 74% consider **Inventory and Materials Management** as a priority for improvements this year.
- Only 17% are planning to **reduce staff**, while 74% plan to remain static or increase staff this year.
- 70% have a strong **e-Procurement tool** or will be improving the tool to enhance strategy.