

Position Statement

CIPS Supply Century

Defining our future profession

Issue one 2016

Foreword

There are some absolute guarantees in life – one of them is change; some of us fear it, some of us relish it but either way we all have to deal with it.

It is much easier to look back and reflect than look forward and predict. Facing the future for any professional body is critical – but never easy, there are no guarantees or exact science that can be applied to it. Added to this is a volatile global environment that threatens traditional concepts of international trade.

Over the past year CIPS has taken a close look into emerging changes in business and markets and analysed a variety of trends to identify opportunities for the Procurement and Supply profession and its next generation of professionals. The initial results of which are included in the coming pages.

The role of procurement and supply management within the wider supply chain is the most strategic, particularly in terms of insight into market development, market creation and an understanding of future risks and challenges that face an organisation. With an increased emphasis on collaboration, partnerships, resilience and outsourcing; blended with a focus on relationship management, networking capabilities and broader commercial acumen, it is time to examine the role of procurement and supply as a profession in the future.

Some of this makes difficult reading – it is not a comfortable place to be in. There are some fundamental changes ahead – for example technology and automation which has the opportunity to eradicate much of our profession.

“Technology and management of data – at speed, will lead the way and will be a crucial differentiator for us and our organisations.”

The more transactional activities will simply disappear and will become automated, so we need to be adapting now – not when it is too late.

The roles that remain will require new skill sets and we must adapt – what we have now will not be fit for purpose. Technology and management of data – at speed, will lead the way and will be a crucial differentiator for us and our organisations.

Then there is the rise of contractors and SMEs meaning ever greater non-qualified or non-procurement educated individuals undertaking aspects of procurement. Well, let's no longer take a land grabbing approach but accept it and dare I say welcome it. The core of what this profession does will remain but around it change is happening. Sourcing and SRM are just two areas where other professionals are increasingly trying their hand.

That's fine – but our job is to equip them with the appropriate skills.

This is about influence, not ownership, and so that way we can become guardians of the total enterprise.

As the largest global body representing procurement and supply, we are not only best placed to help design the future of the profession but are committed to doing so – I don't want to see others designing our destiny, we need to do it and I believe we have a unique opportunity to do so – we need to create the future before it is created for us.

**If you want to share your thoughts
please get in touch -
supplycentury@cips.org**



David Noble, Group CEO, CIPS
October 2016

Executive summary

As a profession, procurement and supply management is on the precipice of dynamic and disruptive change resulting from volatile trading environments, increasing complexity and the influence of information technology.

The world in which we operate is unrecognisable from CIPS inception over 80 years ago. We live in times where business and product life cycles are shortening and increasingly difficult to predict and where the skills set to operate in business have changed beyond recognition.

As the world's largest independent professional body for procurement and supply, CIPS has been undertaking significant research into the future of the profession. Along with a range of surveys, in-depth interviews, CPO Round Table events

and discussions with its Global Advisory Groups and academia, CIPS seeks to define the future evolution of supply management starting to look 20 years ahead. We have purposefully called this paper The Supply Century as we see a shift in the breadth of our profession.

Procurement and supply will always remain our heartland but procurement leaders are moving towards a broader influence across the entire supply side, giving a clear line of sight over the entire value chain.

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The findings from our initial research highlight those changes in a stark light and with organisational structures changing beyond recognition, it has become increasingly difficult to establish what the boundaries to the procurement and supply management profession are.

CIPS is taking a leading role in ensuring that it shapes the future of the profession in a way that adds value to organisations globally and that it builds a capability that is fit for the future.

This white paper is an opportunity to share our thoughts on emerging themes and practices and how they impact the profession. It is designed to set the scene for more research and more defined outputs over the next 12 months, all of which will influence CIPS strategy for years to come.

As CIPS moved forward with its research, it became clearly evident that technology infiltrates every element of the procurement and supply management conversation.

From a professional perspective, technology is completely reshaping the workforce. Automation is eliminating jobs at the lower levels and causing career disruption for many. For any professional, the need for technological skills is common but it can be a severe test of capability and leaves people feeling vulnerable. It is therefore no surprise that CIPS considers the impact of technological change one of the more dramatic to affect our profession's future, hence why it can appear as a recurring theme throughout consideration of the future of the profession.

The key themes of this paper include:

- **The emerging role and influence of technology and the disruption that it has caused to traditional procurement and supply chain operations.** While it may be more established in some leading organisations, it is yet to take a grip on others. With increasing automation comes a contraction of roles, as well as a new skill set to fully leverage the emergence of technology. The opportunities that arise from technology are mind blowing but exciting, and CIPS is continuing to develop our standards to ensure the profession is fit for purpose to deal with these challenges head on.
- **The boundaries of the profession stretch, change shape and become blurred as the world looks for yet another way to become competitive, effective and creative.** As organisations begin to focus on transdisciplinary skills, it is critical to ensure that the profession plays a leading role in establishing itself strategically within organisations to facilitate the business. The elevated role of procurement and supply professionals is one of 'trusted advisors and guardians of the standard', while being collaborative, supportive and leading change in a more consultative way.
- **Those boundaries mean more professionals with a non-traditional procurement background undertaking the role of procurement and supply.** The role for CIPS will be in ensuring that those individuals have sufficient knowledge, skills and capability to undertake some aspects of procurement more effectively.

It is not a question of up-skilling, but rather cross-skilling, working with other professional bodies outside of procurement and supply.
- **Risk has always been high on everyone's agenda, but it is resilient organisations that will gain competitive advantage.** Procurement's ability to proactively plan and design supply chain networks to anticipate, respond and adapt to disruptions will not only safeguard their organisations, but reassure the customer.

- **The drive for innovation and the role procurement and supply can play in being architects of innovation is critical.** CIPS must equip the profession to have the right skill set to drive this agenda which will be critical to its future success. This is the largest single value-add to any business and its competitive edge; being ready to drive this agenda even further than it already has is essential.

CIPS is dedicated to leading the profession, helping it to evolve and respond, proactively to be ready to lead the charge of professionalism for the future; regardless of who undertakes the role of procurement and supply.

CIPS is committed to:

- Continuing to review our standards to ensure procurement professionals have the most relevant skills and knowledge for the future.
- Working with other professional bodies and new partners globally to expand accessibility to the profession.
- Train other disciplines in Procurement and Supply and look for ways of protecting good standards of practice as they take place outside of the profession, finding a more inclusive way of enabling others to operate effectively.
- Work with higher education establishments on top-up degrees and do more work in executive programmes for senior leaders.
- Make Procurement and Supply language more accessible in a transdisciplinary world as one of the biggest criticism of the profession is its failure to talk the language of business.

Introduction

The need for competitiveness has increased monumentally as organisations seek new ways to survive the challenges of turbulent trading conditions. What has emerged through all of this is a clear realisation of the value procurement and supply management can deliver.

Technology has prompted much of this change, leaving schools and universities preparing future generations for roles that are yet to exist. E-procurement tools have allowed businesses to self-serve on day-to-day purchases freeing up procurement to move into a more strategic role. Artificial intelligence (AI) is already being used to pull category sourcing plans together and managing supply chain risk.

Where next is anyone's guess. As CIPS moved forward with its research, it became clearly evident that technology infiltrates every element of the procurement and supply management conversation and it is completely reshaping the workforce. Automation is eliminating jobs at the lower levels and causing career disruption for many.

The good news for procurement is despite the level of automation there is still a critical role for us. A recent study of jobs most at risk of automation ranked purchasing managers with just a 3% likelihood of computerisation, compared with 94% for accountants and auditors. So although e-procurement, robotic warehousing and intelligent stock technology has already eliminated some roles, those that require social intelligence will be the most sought after as technology develops.

Likelihood of job automation

3%

**Purchasing
managers**

94%

**Accountants
and auditors**

**Social intelligence roles will be
most sought afterⁱ**

“ The UK’s vote to leave the EU is expected to have a reverberating effect on supply chains both locally and across the rest of the world. ”

Globalisation has also been a catalyst for change in our profession, opening up supply markets across the world to cut costs and increase innovation. It doesn’t come without its problems as we have witnessed unprecedented supply chain risks over the past few decades, with even more uncertainty ahead. As global economies have grown and contracted we have enjoyed everything from periods of booming free trade, to uncertainty, retraction and protectionist measures.

The UK’s vote to leave the EU is expected to have a reverberating effect on supply chains both locally and across the rest of the world. At a global level, the ‘Brexit’ vote underlines concerns about a wider shift towards protectionism in global trade policy. In France, the UK vote has given a boost to the Front National which is campaigning for more economic protectionism. The global marketplace has also clouded

our visibility of supply chains.

Only 17% of businesses we surveyed have visibility over tier three and beyond. Consumers demand to know much more about the provenance of the products they buy, so it is more important than ever to have a handle on ethical and responsible procurement. The UK’s Modern Slavery Act 2015 sends a clear message to businesses across the world that human rights violations will no longer be tolerated. It is now a matter of law that management will be held to account putting supply chain professionals at the forefront of addressing such huge challenges.

Throughout this paper CIPS explores six key areas that are leading the march of change for the profession, and it will be of no surprise that CIPS considers the impact of technological change one of the more dramatic to affect our profession’s future.

Procurement and supply

...has never been so relevant

Procurement and supply management has never been so relevant yet challenging in the wake of advances in technology.

With increasing use and mention of data, Artificial Intelligence and automation, traditional roles and the structure of organisations are changing. We must now assume that there is a role for technology and automation within all procurement and supply positions. Roles are at risk across the whole organisation and for many professions, as tech-savvy organisations continue to invest in this invasive technology at the expense of people. This has been evidenced for years in the financial services and wider service sector with a shift to online banking and automated call centres.

E-sourcing and e-procurement tools have already led to a contraction of jobs in larger organisations where automated order processing has replaced a large amount of administration.

The EU Commission aims to combat the high cost of procurement by mandating that public procurement bodies implement e-procurement platforms by the end of 2016.

All technology is developing at an unprecedented rate. We are already seeing it used to develop sourcing plans, identify potential suppliers, derive category plans; and, for volatile commodities, sophisticated automated processes. We're not suggesting the entire sourcing process can be automated; it is where AI meets EI (emotional intelligence) that procurement professionals can maximise value. Technology has replaced jobs throughout history and new opportunities are created that we couldn't have possibly imagined 20 years ago. This latest trend will be no exception as schools and universities prepare young people to be agile and creative thinkers for those uncertain future roles.

“ They also can’t replace a procurement professional’s instinct and gut feel for when something doesn’t feel quite right. You can only do this by building relationships, having more face-to-face contact with suppliers and seeing the whites of their eyes. ”

Those decisions that require social intelligence, making connections and joining the dots, will be the heartland for procurement and supply. Robots are unlikely to be able to identify acquisition, all risks or innovation opportunities. Ideas often arise through site visits and regular conversations with suppliers. They also can’t replace a procurement professional’s instinct and gut feel for when something doesn’t feel quite right. You can only do this by building relationships, having more face-to-face contact with suppliers and seeing the whites of their eyes.

Ultimately, professionals with knowledge of markets, an ability to interpret economics, understand customer demands and evaluate trends are better placed than ever to identify the need and opportunities for innovation. By embedding Big Data analytics on an enterprise-wide basis it will be easier to make the connections of the impact that the supply chain data has on the whole organisation. The approach will allow procurement teams to design supply markets that deliver the needs and addresses the concerns of the whole organisation.

Strong leadership, business acumen, social intelligence and high levels of commercial and creative skill will be necessary. This will be an uncomfortable place for some procurement and supply professionals and a new mind-set will be required. The ability to make judgements quickly, even in the absence of complete data, is becoming commonplace and is another example of the importance of social intelligence as a key capability.

Although technology poses a threat to some roles, procurement and supply management has an opportunity to become more credible through the use of instantaneous intelligence, providing greater visibility into spend, risk and performance.

To maximise the opportunity professionals must become more adept at interpreting data, seeking out trends and identifying the connections to provide an organisational-wide view of supply chain impact.

Predictive analytics and increased dynamic modelling will be the way of the future, but the ability to translate this into strategic business plans is where the true value of procurement and supply lies. The value professionals can bring in this arena is second to none as it draws on their market experience and their strategic capability.

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The need for risk forecasts and planning, along with the desire to achieve more resilience and sustainability in business, will be underpinned by the use of faster more accurate and reliable data.

The future will see AI using data to seek out opportunities for competitive advantage. A great deal of this data will also be in the hands of other businesses, competitors, suppliers and consumers, so getting a handle on it quickly will be crucial. The success factor for procurement will lie in building strong, flexible supplier relationships to unlock this potential, and in being the creators of competitive, value-add solutions which will provide that surety for the future.

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The role will transform

...from gatekeeper to trusted advisor and guardian of the standard

The procurement profession continues to evolve with opportunities for professionals to play a more strategic role. The move from tactical procurement to deal maker and value creator will require a broader and more complex skill set that not everyone has.

Procurement will also need to convince the business that it is ready for this shift. Only a third of CEOs currently believing procurement and supply professionals are ready for the strategic challenges ahead.ⁱⁱ

Access to big data has enabled procurement to encourage new thinking in the business by, for example, helping to predict customer needs based on historic spend patterns, challenging conventional thinking on sourcing and providing valuable insights into emerging trends or market creation. The future of procurement will put even more stress on outcomes and value for the end customer.

Key links for the procurement profession of the future will be instrumental in embedding corporate values, facilitating and driving strategy and being influential

with key strategic business decisions. With increasing emphasis on complexity management, material scarcity and supply chain risks, procurement's role as trusted advisor will grow.

The Internet of Things has allowed much greater connectivity and information on our suppliers and it is time to put it to good use. With much of the grunt work being automated, procurement and supply professionals have an opportunity to invest in supplier relationship management to leverage value. We often talk of strategic suppliers and partners but tend to revert back to old tactical, adversarial habits. Now it is time to walk-the-walk and forge deeper, stronger relationships with suppliers based on openness and trust. With this will come much more transparency and contracts based on

shared risk and rewards using open-book accounting to ensure suppliers are making a healthy but fair profit. If organisations are serious about reducing risk, increasing innovation and driving ethical and responsible behaviours throughout their supply chain, then more strategic alliances must be realised and not just discussed. Legislation is binding organisations into more ethical ways of working and procurement and supply professionals are well placed to find opportunities to be more competitive, more innovative and ultimately more sustainable.

This heightened role will provide true value to the business and those professionals that take this approach are more likely to become part of the C-suite.

The adoption of transparent systems, measures and metrics will contribute to greater trust of procurement, along with understanding and using the language of the business. Smart procurement leaders embed their teams into other business functions to get under the skin of how they operate. Once you have someone in your team who understands the business you have an interpreter who has a clear vision of what is required.

It will be vitally important for professionals to extend an empathetic but challenging hand to work with budget holders to improve business outcomes, through work on specifications, make versus buy decisions and supplier engagement.

Help with risk management, identifying commodity trends, currency and regulatory threats and opportunities. Earning the trust of organisation' will be essential to the future.

Professionals will need to be more polished, creative, influential, persuasive, visionary and strategic and exhibit more general management capability and leadership traits for a new type of business relationship. This requires procurement to work on its own brand and repackage its offering to the business based on a more collaborative relationship. According to a recent study by Aberdeen Research Group, CFOs perceive procurement as good at negotiating and contracts, yet the opportunity and capability is far greater, let alone the strategic impact procurement and supply has on an organisation. Much work is still needed on raising the perception of procurement in some organisations.

Architects of innovation

...where innovation and cash collide

As a result of constant global volatility and increasing complexity in supply chains, the decision for many organisations to invest in innovation can seem too risky.

That said, many have realised that it is a case of innovate or die. The dawning realisation that failure to innovate comes at a high price is creating a new era of 'intrepreneurs' who are leading on shaping and responding to the opportunities innovation offers, while at the same time using their skills to engage SMEs and suppliers in the benefit innovation can realise.

There is no question that technology is instrumental in creating competitive advantage for organisations. Procurement's value is increasingly driven by the ability to derive meaningful market insights, to generate early warnings and trend indicators for the business that could result in innovation through the supply chain.

It is recognised by all professions that a paradigm shift is required with regards to technology and there is no choice but to look forward, accept and embrace its arrival and the benefits that can be derived. It plays a fundamental role in driving innovation through the use of advanced and complex technologies, together with collaborating with value-adding partners on shared creativity.

The increased use of renewable energy is a perfect example of the role of technology and innovation working hand-in-hand. The success of renewable energy arose from technology leading to new approaches to reusing materials for the purpose of energy provision.

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Data analytics and innovation systems enable an enhanced form of creativity and along with more resilience and sustainability, not just for the business but also for the environment.

The arrival of cloud, mobile and web-based technologies is creating totally mobile procurement and supply teams that are innovative, fast, responsive and proactive. Sourcing using cloud-based systems is another example of innovation and fast-changing business practices.

Procurement and supply professionals are at the juncture where innovation and cash coincide. Procurement will be critical to presenting the argument for innovation and taking it forward, taking the profession from optimisers, to both innovators and optimisers.

Those organisations investing in technology will inevitably reduce costs that could in turn be funnelled into new initiatives, including introducing emerging technologies, mobile devices, social media and data analytics. Evidence suggests successful professionals are those who will drive this approach. They are more likely to be part of the c-suite, driving cost out through partnering with suppliers and maximising value.

So, as the world moves to its fourth industrial revolution, it is evident to see that links forged by technology have marched on uninterrupted and with increasing speed, ushering in a dynamic new phase of globalisation, creating unmatched opportunities for innovation and also unexpected volatility.

It has never been so risky

...doing business, so resilient supply chains will matter like never before

The eco-system of supply chains has never been so complex and diverse with multi-tiered, multi-functional supply chains becoming more complex and sometimes interlinked, this simultaneously results in both opportunities and potential conflicts.

The profession must now manage risks not only from specific suppliers but also across entire geographies. Being able to anticipate or react to disruptions such as natural disasters, terrorist attacks or changes in the political landscape - the 'Brexit' vote is a case in point.

In addition to risk mitigation and scenario planning, the professional of the future will have to put a stronger emphasis on building resilience in the business and across supply chains, conscious that failure to do so could lead to reputational damage. Procurement and supply professionals will require a greater understanding of the cost of risk mitigation at the early contract negotiation stage ensuring that resilience plans are robust but realistic.

Procurement teams will have to take a more holistic view of risk

beyond compliance towards risk exposure and the true cost of risk transfer. It will no longer just be down to CPOs to increase their financial awareness, procurement teams will build closer links with finance and have to build a better understanding of evaluating the costs involved in order to use the correct contractual model.

The pervasive problem of supply risk is something everyone needs to wake up to, not least of all the increasing supplier and supply risks evident in the market place. In August 2016, the CIPS Risk Index was at 80.8, the greatest since 2013 and the highest rating of risk since the inception of the register by Dunn & Bradstreet in 1995.

Sluggish growth in developed and emerging economies, combined with the outcome of the UK's EU referendum is having a

reverberating impact on global supply chains. This combined with falling business and consumer confidence is presenting huge challenges to organisations all over the world.

The profession must position itself to play a leading role in bigger and broader activities relating to risk, such as increasing resource utilisation and maintaining flexibility in the supply chain, as well as reducing the opportunity for risk to arise. Instigating and leading on approaches to enterprise risk are critical, driving a single-view of risks facing the business while at the same time eradicating them at source is becoming more demanding as that complexity takes hold. Building resilience into the supply chain is critical to future success and sustainability.

Complexity in supplier relationships is increasingly higher, resulting from intense supply chain competitiveness and the transfer of

risk to the supply base, as client organisations seek to encourage suppliers to actively engage in innovation. The result of this could ultimately be an increase in supplier power, complexity and demands for third party interventions. And while innovation may increase, so might risks, particularly among sub-tier suppliers. Added to which, many organisations increasingly pass on supply chain risk to sub-tier suppliers.

Modern business models will continue to drive new practices which introduce the most complex and challenging risks into the business, such as issues concerning data and technology, cyber security, counterfeit goods, slavery and conflict minerals. The unprecedented amount of headlines relating to hacking of major businesses is testimony to substantial supply chain risk that new technology is introducing into businesses.

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At its heart

...procurement and supply is an agent of change

In a world where there are so many social and environmental issues to tackle, the profession is well placed to take a leading role in shaping and enacting policy designed to alter behaviour across all sectors, globally.

Sustainable procurement involves not only creating codes of compliance for suppliers, but also finding ways to audit, measure and proactively create incentives for sustainability.

Social value is not only being encouraged through legislation, but by a shift towards localisation as a result of economic instability and trading tariffs; as well as by a desire from millennials to do the right thing. As the profit-hungry baby-boomers head towards retirement, younger, more socially conscious workers will begin to influence how organisations do business. As this generation penetrates business it will become an agent of change and help bring about a new way and world of work.

It is important to realise the need to shift procurement's position from being functional to working as facilitators in an organisation, managing the eco-system of assets as opposed to striving for centralised control. This requires a change in mind-set and will open up procurement and supply to other functions and disciplines to engage.

A cultural shift is required in many organisations to get procurement seen as defining and holding strategic value. It is critical the perception of procurement moves to 'change leader' from 'order taker'. Procurement and supply can ultimately be exterminators of poor value across the organisation. The profession can eradicate poor practice across entire supply networks.

Where procurement has gained ground it has become more integral to the business. In these cases it has likely aligned itself to the objectives of the organisation more effectively, potentially even leading on the facilitation of that broader alignment. Certainly the future of procurement and supply will put a lot more emphasis on outcomes and value for the end customer.

If procurement and supply professionals can position themselves as business facilitators in the change process, they are likely to experience significant strategic elevation in their own standing and that of the profession. They will be seen as highly important to increasing the shareholder and stakeholder value, protecting and enhancing an organisation's reputation and driving competitive advantage.

Strong strategic relationship management and influencing skills are core to the positioning of professionals in this space, as is the role of supplier relationship management.

Commercial knowledge, combined with influencing skills and the ability to work collaboratively - both within an organisation but also with suppliers - is essential. The role of partnerships is also key to a change in approach. Professionals need to understand the implications of developing, nurturing and managing successful partnerships so that result in better value and improved competitiveness.

Senior procurement professionals should place more focus on becoming effective 'change leaders'. They should engage with internal customers and better communicate the value of procurement. They need to be interpreters of the supply markets and creators of solutions. As funding flows change, the circular economy takes hold and new approaches emerge, procurement and supply management needs to lead the way on setting out the stall, stabilising the business and managing increasing challenges that volatile markets present.

Blurred lines

...traditional roles and boundaries in organisations are changing

The shift to more strategic cross-collaborative engagement means that more people from other disciplines and professions will undertake procurement related activities as part of their job.

In recent research undertaken by CIPS, it was clear this is not just a concept, it is a reality. One survey question asked who else in the organisation undertook procurement. The result may astound some: just about every job or profession was named as an active participant in procurement. In a subsequent survey, procurement's level of control over spend was in the majority of situations 40%, which was much lower than expected.

This is about a shift towards influence and guidance and less about ownership. This is not a new concept to procurement, indeed a more consultative approach has long-been deployed in specialist categories over which it is harder to gain influence.

In 2006 Magic and Logic, a joint industry white paper produced by

CIPS the IPA (Institute of Practitioners in Advertising) and ISBA (the voice of British Advertisers), was published describing the roles of procurement and marketing professionals when buying design services. While procurement teams recognise the insight that marketing has on the requirements, which are often hard to articulate, marketing teams appreciate the need for a structured process requiring due diligence and robust but favourable contractual terms. This research is relevant more than ever as procurement professionals, with their expertise and technical knowledge, will need to provide a guiding hand to those from other disciplines who have a deep understanding of their requirements.

The onset of inter-organisational

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working and supply chain networks, together with the role they play in large complex projects, which are less hierarchical and more open to a matrix operating structure, are diluting more traditional functional boundaries. This will ultimately open the door to more people from other professions to undertake procurement activities, overseen by procurement experts. This is also happening within our own profession as procurement get more involved with non-traditional activities such as mergers and acquisition decision making, customer bid proposals and product innovation.

Having said all of this, there is another dimension to consider. There is evidence of an increase in ‘trans-disciplinary’ skill requirements across the globe; that is individuals who have multiple generalist and technical skills.

The ability for professionals to adapt their skills to accommodate multiple contexts/jobs/sectors is required by

the future workplace. Many problems in business today are on a global level and too complex to be resolved by just one specialised discipline, so a trans-disciplinary solution is required. These specialists are likely to become part of the fast growing ‘gig economy’.

Gig workers will be bought in for their specialist skills from online talent platforms. Their skill set and knowledge will increase from role to role making them highly attractive to organisations on complex projects. The risk here is that expert gig workers will take over some procurement projects and then take the knowledge footprint with them. We have been working alongside consultants for many years but we should expect to see far more millennials attracted to the flexibility and work/life balance they can expect from becoming a gig worker. It is estimated that by 2030 around 50% of all work will be part-time and the majority of these will be gig workers.

What does this mean

...for the procurement and supply profession?

Some may question what these changes mean for the profession and in fact CIPS. In a trans-disciplinary workforce, where technology allows everyone to be a buyer, are we in danger of becoming generalist or has the time of procurement and supply has arrived in its elevated, more strategic role?

The profession, guided by CIPS, needs to create and adopt a more common business language, as well as a greater understanding of other business functions.

These changes present many challenges for the profession over the next 20 years, but they also present opportunities, since they potentially broaden its reach to add value where others cannot, with an emphasis on innovation and sustainability.

Procurement will need to collaborate with other professions to embed good practice and act as the guardian of those standards.

While this could result in fewer procurement and supply management professionals, those who remain are likely to have more influential roles. The impact on the profession is likely to be significant, but its influence should broaden, in some instances it will be absorbed into other functions. CIPS will seek ways of carving out our profession's role to underpin this change, including cross-skilling those from other disciplines to undertake aspects of procurement and supply in a professional way.

“Failure of procurement professionals to address this on a personal level will see them left behind.”

Ultimately the role and position of procurement as a strategic influencer and a guardian of the standard is critical. As opposed to trying to hold its ground and ring-fence it for only procurement professionals, there needs to be a paradigm shift in this thinking. However, it will depend upon the sector – for example, public or private, manufacturing, or indeed SMEs. In particular as numbers of SMEs grow, they have scope for professional procurement and will be looking to recruit individuals who are ‘trans-disciplinary’ – able to operate in a multi-disciplinary way in a business.

This is what will make those SMEs successful, optimising resources and building versatile capability.

Failure of procurement professionals to address this on a personal level will see them left behind. As we have already seen, the gig economy is taking over, driving ‘entrepreneurialism’ and ‘intreprenuralism’ on an unprecedented scale.

Summary

Procurement professionals may find this an uncomfortable read. The future roles we have predicted will require new skill set and a different way of working cross-functionally.

The hope is that, in procurement, while software and systems replace some jobs, the positions that remain will become more strategic. Liberated from the burden of process and routine admin, procurement chiefs will be free to think more laterally, creatively and strategically about how their function can add value to the business. To succeed in this brave new world, they will need more soft skills in order to influence and build relationships. To benefit from the challenges that arise from AI, procurement managers will need to sharpen their EI .

We must avoid the temptation to go for a land grab and become hung up on ownership rather than gaining influence. In a survey undertaken by CIPS in 2015, the findings suggested that there is a decline in the number of CPOs sat at the board table and although this might be disappointing, what's more important is that procurement is consulted by board-level executives and their influence is being used to drive forward change in the supply chain.

Although there may be a contraction in procurement roles, there will certainly be an elevation of the remaining ones. This will require procurement professionals to raise their game and raise their voice.

“ If procurement and supply professionals are to move into a more collaborative way of working and gain influence they must learn to sell their value and right to be a critical part of the team. ”

They can raise their game by ensuring their procurement skills and knowledge are up-to-date, and by accepting that they now need skills and knowledge from outside the more traditional ones.

To gain influence and remain relevant we must learn to communicate more effectively, using the language of the business. EI and soft skills combined with broader business acumen will win the hearts and minds of colleagues from other business functions.

CIPS will continue to review its qualifications, skills and knowledge offering to prepare procurement professionals for the road ahead. CIPS is forming partnerships with other professional bodies and thought leaders to both support procurement professionals with their needs and reaching out to other professions to accredit or recognise their procurement knowledge and skills.

Returning to the need to raise our voice, procurement must re-brand itself and its value offering to remain relevant. Technology has enabled some procurement work to be carried out by other business functions however, there has to be defined activity that is core to those who are professionally qualified.

If procurement and supply professionals are to move into a more collaborative way of working and gain influence they must learn to sell their value and right to be a critical part of the team. They must become storytellers, sharing information about their achievements on past projects. This is perhaps not a natural fit with existing skill set but it is time to be bold, to stand up and be counted or lie down and play dead. The more elevated procurement roles will require a higher calibre of candidates seeking qualifications beyond MCIPS.

“CIPS is about to commence upon its next three-year strategy and it is vitally important that the outputs of this work are centre stage to that strategy, but also future strategy cycles.”

The ability to ‘top-up’ professional qualifications to degree status and offer more accredited degree and post-graduate opportunities. The increased emphasis on action and applied learning, executive learning and access to up-to-date web-based tools will provide the central framework for professional development in the future. CIPS will continue to respond to this in a way that makes its professional development provision globally accessible while being relevant to all markets and the continued drive for localisation.

CIPS is about to commence upon its next three-year strategy and it is vitally important that the outputs of this work are centre stage to that strategy, but also future strategy cycles.

There is no doubt that the world is and will continue to change. The job of CIPS and of professionals is to ensure they move with it, being responsive, reflective, adaptive and accessible, while at the same time maintaining global standards of practice. The language of procurement needs to become more accessible to a trans-disciplinary world. The programmes CIPS offer need to become accessible and relevant to that world too. While ensuring CIPS remains relevant to its members around the world, it needs to become relevant to other professions. Meanwhile procurement and supply becomes central to a range of business disciplines and grows its value to businesses of all types and sizes in a way meaningful to all.

In final summary and ending where we started, CIPS is committed to:

- **Continuing to review our standards** to ensure procurement professionals have the most relevant skills and knowledge for the future.
- **Working with other professional bodies and new partners globally** to expand accessibility to the profession.
- **Train other disciplines in P&SM** and look for ways of protecting good standards of practice as they take place outside of the profession finding a more inclusive way of enabling others to operate effectively.
- **Work with higher education establishments on top-up degrees** and do more work in the executive programmes for senior leaders.
- **Make P&SM language more accessible in a transdisciplinary world** as one of the biggest criticism of the profession is its failure to talk the language of business

What next?

This year our President Sam Walsh, recently retired CEO of Rio Tinto, will join me in continuing this work on influencing what the future holds for procurement and supply. The academic research from Aston University will include interviews from procurement and business leaders across the globe as well as academic research in the wider business context. I hope you will join us on this journey as we reflect on key business drivers and their impact on our profession. I would be grateful to receive your feedback and views at supplycentury@cips.org

Regards,
David Noble

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- i OxfordMartin The Future of Employment. How susceptible are jobs to computerisation?
- ii PWC 17th Annual Global CEO Survey

CIPS Group Easton House, Easton on the Hill, Stamford, Lincolnshire, PE9 3NZ, United Kingdom
T +44 (0)1780 756777 F +44 (0)1780 751610 E info@cips.org

CIPS Africa Ground Floor, Building B, 48 Sovereign Drive, Route 21 Corporate Park, Irene X30, Centurion, Pretoria, South Africa
T +27 (0)12 345 6177 F +27 (0)12 345 3309 E infosa@cips.org.za

CIPS Asia Pacific 31 Rochester Drive, Level 24, Singapore, 138637
T +65 6808 8721 F +65 6808 8722 E infosg@cips.org

CIPS Australasia Level 2, 520 Collins Street, Melbourne, Victoria 3000, Australia
T 1300 765 142/+61 (0)3 9629 6000 F 1300 765 143/+61 (0)3 9620 5488 E info@cipsa.com.au

CIPS MENA Office 1704, The Fairmont Hotel, Sheikh Zayed Road, PO Box 119774, Dubai, United Arab Emirates
T +971 (0)4 311 6505 F +971 (0)4 332 8810 E mena.enquiries@cips.org



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