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September 2022:

**Top Trending Topics
for Purchasing & Supply Chain in Summer 2022**



Summary: A trend from the last quarters is solidifying and a new trend is emerging with vigor

The trends we found in our survey of over 100 SMEs in the DACH region between May and August 2022 reveal two particularly striking tendencies.

1. Supply security

The topic of “supply security” has solidified from a temporary trend to a permanent topic in almost all SME sectors. In the meantime, this topic is by far the most important task on the list of priorities both for those responsible for purchasing and the supply chain and for almost all of the management teams we surveyed. And in all likelihood, it will remain so for the foreseeable future. It is interesting, but it was also to be expected, that in addition to the availability of e.g., electronic components and parts, energy security has now finally been named by the supply chain and purchasing managers.

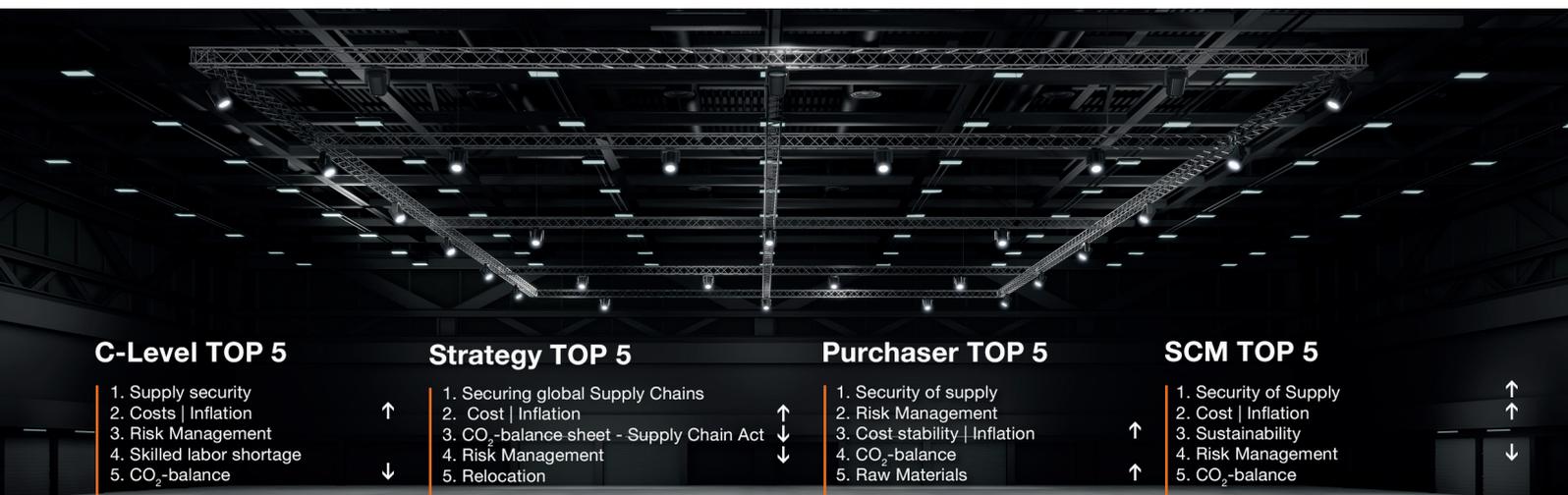
What most entrepreneurs did not focus on in their risk assessment just a short time ago - if such an assessment is carried out regularly and systematically at all - is now becoming a real threat to entrepreneurial livelihoods. The comfort of not being "alone in the boat" with this topic may help emotionally - but the outlook remains alarming. Targeted countermeasures and backup purchases, new sources through intensive sourcing, substitutes

and specification adjustments are required. The organizational set-up of many purchasing and supply chain areas is reaching its limits and needs to be sustainably rethought - in the middle of a crisis period. In our experience, however, the latter is nothing new - very few companies restructure their processes and organizations when they are supposedly doing well and have the time and resources to do so.

2. Costs / Inflation

The second big topic that has emerged with breathtaking speed on the stage of the top trending topics and is probably securing a regular place there for the coming quarters and perhaps years is "costs/inflation". This favorite couple of all business challenges is, when seen in the light of day, the daughter and logical consequence of the first top trending topic, namely security of supply.

A permanent shortage of goods usually has a negative effect, at least on the cost side. When this is coupled with an unrestrained money market policy that has been going on for almost a decade, the close cousin of inflation gladly joins in. Long-term contracts with strategic suppliers are almost exclusively concluded with corresponding price-opening clauses. And while in recent years one of the main objectives of purchasing was at least to ensure cost stability in the supply of materials, in most companies we know the objective is: security of supply while avoiding cost excesses.



Here, the companies that have systematically introduced the greatest possible transparency at commodity group and material number level are clearly at an advantage and are thus able not only to comprehend the current cost development in a differentiated manner at any time, but also to show the effects of cost developments in all procurement levels in advance through simulation and to react earlier than the competition.

Author

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Decisive action, and a permanent stronger positioning

Never before has the entrepreneurial quality of the purchasing and supply chain organization been of such crucial importance for corporate development as we are currently experiencing. One important piece of advice we offer our clients is that, especially during this turbulence, strengthening the content and organization of the purchasing and supply chain functions is one of the best investments that can currently be made. Since it is obviously not just a short economic downturn, decisive action, and a permanent stronger positioning of these functions in the company is the order of the day.

There are a number of pragmatic and SME-compatible approaches, methods and tools that we recommend to our clients and regularly implement together.

