

Episode 119: Strategic Procurement in an Era of Risk with SAP's Gordon Donovan

Gordon: [00:00:00] Future supply chain is agile. A key driver for agility is actually preparation and planning and doing a lot of scenario planning. For me, that just allows you to respond So I think it's very dynamic. I think it has to be. Very data driven. In a world of AI, being data driven is incredibly important and I think collaborative working both with suppliers and building that, that deeper relationships. If there's one word I can leave your listeners with. Think Agile, think the ability to respond quickly. Because the world is changing so rapidly, both from technology and geopolitically, you're gonna need to be agile.

Richard: I'm Richard Howells and this is the Future of Supply Chain, a podcast where we discuss innovations, challenges, and strategies shaping tomorrow's supply chain. And I'm excited to be joined by SAP's Gordon Donovan to discuss the findings from the Economist Impact Report titled The Resilient Edge Procurement in the Area of Poly Crisis.

Great to have you on the podcast and maybe you could quickly introduce yourself and your role at [00:01:00] SAP.

Gordon: Absolutely. Thank you, Richard. Pleasure to join you today. So my role at SAP, I'm Global Vice President of Research for Procurement and External Workforce. What does that mean? Well it means that it's my role to understand all the market trends that's happening, that's gonna impact procurement, it's gonna impact supply chain, it's gonna impact external workforce. And we do that by essentially, I read everything that comes out about procurement and supply chain every research report, articles. I'm constantly reading it, trying to understand what's going on, thinking about what that? means from a trends perspective. We conduct a series of primary level researchers as well, so for instance, we've done stuff with, with the Art of Procurement, we've done stuff with the University of Tennessee with Harvard Business Review, with IDC with all of these different organizations and obviously with the Economist as well, which is our major piece of research each year. And what that does is it's really designed to try and help us understand the bit of the market. My background is procurement and supply chain. I've been a CPO of a number of different companies, both [00:02:00] in the UK and here in Australia. I've worked and lived, if you like, in procurement every year since 1988. I will allow everyone to do the math themselves on that. But I clearly

started procurement when I was five. No, that's, that's not so true. But no my first time procurement was when I was 17 and being both of us being expat, but we might, we might remember the scheme called the Youth Training Scheme. The YTSI was a YTS trainee in 1988 and my first day as a YTS was in a duty free warehouse. So 17 years old in a warehouse essentially getting a grounding in terms of the physical end of supply chain and how all that works in goods, in goods out. I still have gr bible bin book from imprinted in my head, there's a process that everyone used to talk about an awful lot. I was mean with a pricing gun. When we used to price up all the bottles of whiskey and stuff and making sure that it was all exactly in the same place. So, that's a little bit about.

Richard: That was brave to leave a 17-year-old in a warehouse [00:03:00] full of alcohol.

Gordon: I tell you what, that they played a trick on me one day.

And whenever you had alcohol that was getting near the end of, its close to its expiry day, specifically cans of beer.

You would think that what they would do was to write it off against stock and then give it to the employees? No, no, we're not allowed to 'cause we're in a customs environment. 'cause we're in a duty free environment. So customs came and watched as I poured 12 perfectly good cans of Heineken down the drain, and I'm crying and all I can see is all of the people that laughing themselves stupid as they thought kind of forced me to do that..

Richard: Cruel, and unusual treatment. So you've recently worked with the Economist and the Economist Impact Report. So what was the reason for that? First of all, what do the research and what were some of the key takeaways from a procurement and supply chain perspective?

Gordon: So this is the fourth year that we've done this research with the Economist. The reasons why we [00:04:00] do it. Market led data driven. There you go. There's the phrase that I'll come back to. We wanted to listen to as much as the market as we possibly can, and as you know, we listen to our customers and we listen to our customers intently. Sometimes it's whoever shouts the loudest gets the thing done. And what we wanted to do is to ensure that we had the broadest possible understanding as to what was going on in the market. We wanted to get, not just from a procurement perspective, and this is one of the things that stands out about the Economist impact work that we do, compared to all the other research reports that I read, we wanted to get an understanding from across the C-suite. So not just asking procurement about procurement.

And as someone you know, who's lived and died in procurement every day of my working life, we can be quite myopic sometimes, and they only see things from a procurement point of view.

Richard: I think that's true with every line of business within a company, to be

Gordon: agree. And so what we wanted this broader subset across CFO, supply chain officers, operat officer, chief HR [00:05:00] officer.

Because of course it's in the disagreements where opportunity lies for organizations to collaborate better within, you know, internally. So why do we do this? We say is to get broader understanding. We did this to be market led and data driven in the broadest possible way helps inform our strategy. Plus from an altruistic point of view it helps, I think it helps procurement and supply chain leaders understand what else is happening with their peers. Across different industries, across different geographies. And because, you know, this study has got over 2000 responses as did last year's, you can actually hone in on a specific industry and have statistical significance. At an industry level, at a country level, as well as at a persona level. And so you can really deep dive because you know, as we know, you know, certain industries are different than other industries. And well does my industry, well, here's what this says about this so that's kind of why that we do this. So there's a big element for me of thought leadership in this as well. In fact, SAP has just been recognized as by the Global Thought Leader Institute as one of the top 100 thought leadership [00:06:00] organizations based on some of this work that, we do really, which I think is, pretty cool.

Richard: I am so happy to hear that 'cause my title is thought leadership.

Gordon: There we go. So, this year's report I say talks about poly crisis and we can talk about what poly crisis means. I say insights over 2000. Last year's was 2000. This year's was 2000. We took a big jump from three years ago, went from 500 to 2000 specifically, so I could hone in . So I always had statistical significance at a country level. I always had it at an industry level, but I wanted to go, well, what if I can combine the two? And go, let's look at it from a region and a persona and a region and an industry to try and get statistical significance. And so that's kind of what we do. So 2000 Global Executives. Some key takeaways for me from this year I think one of the biggest things I saw is how in procurement and supply chain is evolving into a much more strategic function. It does emphasize the, growing importance of topics like resilience of digital transformation of sustainability, I think procurement is now expected to understand geopolitical risks to integrate AI responsibly. That's one of the top

things, [00:07:00] and obviously align with ESG goals. All whilst maintaining the operational efficiency. And of course, the thing that procurement is famous for are cost savings. That's never gonna go away, even if it's not one of the top strategic priorities. And it's what procurement's famous for it's a misquote, Monty Python. What has procurement ever done for us? Well, they've delivered cost savings. That's what they, that's what they've done. I think though the major takeaway for me is this pivot to be a very much a risk centric function. For the first time in all four years of doing this, all the strategic priorities, both the short term and the long term, actually line up to the organizational risk factors that they want procurements of to measure.

And that's not happened in the industry of doing this. We've always had the risk factors, and for instance, one of them has always been supply chain visibility, but supply chain visibility and entity visibility has never appeared as a strategic priority. It's still not a strategic priority. Now, whether or not it should be or not, I believe it should, but it's still not. But then supply chain visibility drop down the risk factors. And so the risk factors, things like geopolitical sustainability, the [00:08:00] risks of using AI all now line up to what the, the short and the long-term strategic priorities are. So that's one of the big things for me is this, this pivot to being very much a risk focused part of the organization.

Richard: Risk has been the topic of conversation. On this podcast series, we've been doing it for two years, and those two years, every episode we talk about risk. So risk and resilience are top of mind and have been since the start of the pandemic for supply chain leaders.

But from the research, what risks are organizations most concerned about? You said that the supply chain visibility dropped down the The packing order. So what were the top,

Gordon: the top risks, geopolitical instability which are currently manifesting themselves as tariffs. But that's not to say that's the only geopolitical in instability.

Richard: It's.

Gordon: It is the. One of the interest, I was reading a report yesterday and it was [00:09:00] an update of some of the key issues that organizations are looking at, they had cost savings as as one of them, and cost, and let's be clear, cost management is a risk. And I talk about it, it's absolutely a risk. Because the revenue defense, you know, there will be many organizations out there that from a, a Porter's generic strategy perspective, try and be a cost leader. And so

therefore the input costs are incredibly important. And so managing those costs become a revenue defense mechanism, not necessarily a contribution to bottom line. So cost is a risk. And one of the things that we saw in in a Hackett report that I was reading was that organizations are now backtracking on their cost savings targets that they said that, that they would be achieving at the start of the year. So in started 2025, we went, oh no, we will make more cost savings in 2025 than we will in 2024. Our targets have all gone up. Halfway through the year, they've basically went, no, we're not. That number's now gone back to where it was. In [00:10:00] fact, some of them are expecting cost increases that are coming, and that's because of this geopolitical instability currently manifesting itself as tariffs because input prices, commodity prices are wildly fluctuating depending on what, you know, certain individuals decide to do. So that I think is a big risk. So currently is geopolitical instability manifesting itself as tariffs, but depending on what happens. In Russia, Ukraine, depending on what happens in the Sudan, the Sudan's got a massive impact on supply chain because of where it's geographically located, it's gonna massively impact sewers and, and that's gonna have a huge impact on logistics. So that's a big risk. Sustainability has always been in the top two or three risks. And you know, from a sustainability perspective, this is very industry driven. I think we're gonna talk a little bit more about sustainability later, but it is very industry specific. I'll talk about some of the drivers of sustainability. And the third biggest one is AI. As a risk, as if I'm to mis Spider-Man, was it with great power [00:11:00] comes great responsibility. And, and that is that is true of AI. It's a wealth of opportunity, but there are some significant risks. As, my national airline carrier has just found out. So we're speaking, about a week or so after cyber criminals attacked the Qantas customer database. And my, my data, my data was leaked. I got an email saying, no, your data's been compromised. And in fact, there was something that they, they published yesterday saying they've, the cyber criminals have been in touch with them now. And, and I was in Malaysia a couple of weeks ago and we were talking about this as a big area those cyberattacks. And I asked a bank and I said to him, so what's your policy? And he kind of looked at me and goes, well, I'm not gonna necessarily tell you, but we do have a policy as to do we pay ransoms or do we not pay ransoms? But we absolutely have a policy. And then I said, do you publish? If you do get attacked, do you tell people he goes, hell, no we don't tell anybody. So once, there was a really interesting article, called the Uber of the Underworld. It was in the Economist, a, couple of weeks ago, [00:12:00] and it was trying to put a, number to all the cyber activity from a cyber attack perspective. They said it's really hard because we think only 5% of organizations report that they've been attacked and that they've paid something or, or that, or what the costs are. So they're in the trillions of dollars of costs. So you better believe that AI is one of the big risks. And, and I think when we think about what this means for organizations, I think these risks prompt companies to reconfigure their supply

chains. We've seen this happening completely. To either localize productions, to, to reshore, to nearshore. I was reading a KPMG report that said by the end of this year, they expect 80% of north American supply chains to be wholly contained within North America, which I think is fascinating and that's a big change. They're gonna be investing in digital tools to build resilience and, and thinking about AI according to the. 85% of broader C-suite executives, 83%. If I just to isolate supply chain leaders, [00:13:00] 83% of supply chain leaders believe cyber and technology risks will significantly impact operations in the next 12 to 18 months with 66% of those viewing that impact as critical. Nothing else from a risk perspective comes close. To the critical nature of the impact of AI. 66% talked about the AI risks. Nothing else gets over 20% as critical. And so that's what I think is one of the, the biggest things is, is the cyber. And it's, it's not necessarily, and, and let's take, let's take the airline as a good example. It wasn't their stuff that got attacked. It was actually one of the outsourced call centers that got attacked and that's how they get in. So it was actually two or three tiers down the supply chain where the attack happened and it, and it stopped their business. So I kind of think about that from a supply chain perspective. It's less about your stack, it's more about your suppliers and your [00:14:00] supplier supplier.

Richard: Absolutely.

Gordon: you know, my dad used to say to me, one of the reasons why you have an alarm in your house and you have locks on your windows is to make the burglar choose somewhere else. Make it look as though it's tougher. But believe me, if they want to get in, they're getting in because these guys are pros. And this I think is true of the, of the cyber stuff. If they want to get in, they're getting in. But it's about making it harder and easier to go somewhere else. So they're always gonna take somewhere easier. And where it's easier is two or three steps down the supply chain where the organization might be smaller and therefore have less defenses. And there was a TPRM report that I was reading a couple years ago, said something like only 28% of organizations ask their suppliers and do any due diligence on their suppliers about their supply chain cyber protection.

Richard: I'm sure that has increased in recent years, but I can believe that.

Gordon: I hope so.

Richard: I wanted to go go and talk about some of the topics you just talked about because you talked about the risk of AI and [00:15:00] cybersecurity. I. What are the benefits of AI? How can AI be used to strengthen procurement and

supply

chain

Gordon: Yeah, I mean, as I said, it's a risk, but it's also an opportunity. With with great risk comes great opportunity as.

Richard: By the, by the way, you are the first person to quote Spider-Man on the podcast. You want the first person to quote Monty Python? 'cause we've had Paul Saunders on before and he's another Brit.

Gordon: I'm happy to be the first quoting the Marvel cinematic Universe. So while most, what's most areas in the data showed some improvement. So last year we asked the question, where are you planning to use AI to improve procurement supply chain processes? And this year we asked the question, where have you seen the improvements through the use of, through the use of AI? And you know, they don't map across where people were planning and where they've actually seen it don't necessarily, they do in some places, but they don't in some other places. The one showing the most improvement were productivity and efficiency. 28% of supply chain leaders identified significant improvement and contract management. Again, [00:16:00] 28% identified significant improvement Overall, 90% of supply chain leaders in the report stated they had confidence in the procurement team's ability to leverage AI for efficiency and productivity. So I come back and say, why are people saying this? It's about productivity. It's about doing more with the same. And that more stuff almost comes back to when we talked about the geopolitical instability. Stuff's got a lot harder.

Richard: Yeah.

Gordon: It used to be going, going back probably pre 2016. I've mapped the disruption back to 2016. That's when the globalization stuff really started to slow down and you started to see much more of a regionalized approach to supply chains. And it got accelerated because of the pandemic. It wasn't caused by the pandemic. It was just accelerated when we, again. So pre 2016, when the disruption really started. What we had, it was relatively straightforward. You had a global market for most [00:17:00] things and most organizations chose a single source of supply. And you didn't need to model markets that much. You didn't need to model costs that much because there was sufficient competition around that to help manage costs down. So you didn't necessarily need to do that, and that was a golden 12 year period where you probably didn't need to do that. So a lot of the skills that we had pre the globalization push from around

about 2002 through 2003, 2004, which were things like cost modeling and scenario planning and supplier relationship management kind of disappeared 'cause I didn't necessarily need to do all that stuff. Those things now are coming back and one of the benefits of AI to help us be more productive is the ability to model markets and to model costs and, to model scenarios. So what a lot of organizations are telling me that they're doing now is they're doing a lot of planning. They're doing a lot of scenario planning I talk about organizations becoming significantly more agile. That agility comes in being able to respond quickly. The, the response [00:18:00] 'time comes back to doing good scenario planning. And, and that I think is a massive area where AI is being used to strengthen procurement, supply chain operations, a lot more productivity, a lot more planning, and that, that's a big area.

Richard: Another topic that you mentioned a little earlier was sustainability and how it varies by industry. I would also say that it varies by country or region, depending on the prioritization it's given at different places as well. But how are procurement teams integrating sustainability into their strategies?

Gordon: I say sustainability is both a top risk and a top strategic priority. Sustainability has always been one of those things that has wanted to focus a lot more on than other parts of the organization wanted them to focus on. We saw that starting to change a couple of years ago. And that's largely because of the confidence that organizations have in procurement's ability to deliver organizational ESG goals. [00:19:00] And we've seen that rise over the last three years and currently, so it was around about 40% of organizations said they were confident in procurement's ability to deliver ESG goals three, four years ago. And this year it's 81% overall with supply chain leaders at 83% having confidence in becoming to deliver the organization, the ESG goal. So there's that confidence. Now, why is that happening? Well, what the reports tell us through the years. Is the areas of focus, the area of focus that is irrelevant of industry, irrelevant of country, irrelevant of regionality. The single area that is consistent across everything is compliance to legislation.

Richard: Yep.

Gordon: And what we think about what procurement is quite good at, it's quite good at driving compliance to things, be it contracts, be it legislation, and ensuring that the contracts that are put in place are actually compliance legislation. So compliance is a big thing. That's a big driver. It's not necessarily the primary driver, but it's always in the top one, two or three of every industry in every region. Yeah. And as you rightly say, for [00:20:00] instance, in Europe, sustainability is the top short term and long term priority. North

America, it is not the top short term priority. And it's not in APAC either, actually, but in Europe I mean, it's, it's not that much different between one and two. In APAC, in North America, it's supply chain reconfiguration followed by ai, followed by sustainability. So sustainability is three. Interestingly, the long term, the three to five years, something must be happening in three years time. That might change North America's view of things.

Richard: I can't comment on that. Oh, that is interesting. So without telling you that businesses still think it's a top priority, it's definitely in the medium

Gordon: Well, absolutely, and I think, you know, there's been benefits tractors to an awful lot of what the sustainability has done. And if we think about these areas, so let's, let's, let's think about this through weather reports. Tell me through ESG, is that in manufacturing environment it's an awful lot about Scope one and Scope two emissions and managing Scope one and Scope two. It's about managing and eliminating waste. [00:21:00] And if you think about Scope One and Scope Two and managing Eliminating Waste, they're actually cost management plays. You think about it because there's a direct bottom line, bottom line feedback for me so I can, I can see that. Whereas in non-manufacturing it's much more about Scope three. And about energy consumption. Now, energy consumption is a bottom line, is a cost management play. But Scope three may maybe not, but you can see whether is, whether the organizations don't have much of a scope one on scope two emissions. They focus on scope 'three, but where they do have a scope one on scope two emissions, they focus on scope one and Scope two.

Richard: And Scope One and Scope two is within the control of the organization as well. Scope three is much more difficult to control.

Gordon: And, don't forget, scope one and Scope two is someone else's Scope three.

Richard: That's Oh, yes, true. That's true.

Gordon: There is specific industry legislation around Scope one and scope two for certain industries, and there is scope three legislation around those industries that don't do it. So you can see it is still focused largely again, on driving compliance to a lot of this legislation, there was a University of Manheim report a couple of years [00:22:00] ago. And it asked the question that I think no one wanted to ask, which I thought was good, which was when the costs of non-compliance to legislation are lower than the cost of compliance. What do you do? The answer was, well, we don't comply and we'll, we'll pay the fine because

it costs us more to be compliant. But when the, when the costs of compliance are lower than the cost of non-compliance, people are gonna be compliant. So again, this is all about cost. It all comes back to organization cost. So what we know, not just from the Economist stuff, but from lots of other things, is the organizations coming outta the pandemic, coming out of all the disruption and high inflation rates are looking to strategically restructure the cost base of their organization. And so, and we know that the biggest costs for organizations are people costs. And that's where I think, you know, going back to AI, that's got a role to play, but how do we make this more efficient and effective? That, that I think is where the sustainability piece, what I do know the report notes that [00:23:00] 55% of organizations are prioritizing sustainability skills when they're hiring procurement people. That's one of the things that they're looking for now, is not just hiring, but retraining their procurement people. They've gotta know more about sustainability. They're prioritizing that over, say traditional procurement skills of negotiation.

Richard: 'Cause you have to embed security into the business, into the business processes. So the next topic I want to talk about is collaboration. And we've already touched on this a little bit when you talked about the example where the cybersecurity breach was two tiers down the supply chain. We talked about scope three emissions being outside of your organization and with your suppliers and your suppliers, suppliers, et cetera. The whole concept of the business network and collaboration comes into the discussion. So what role does collaboration play in building resilient and sustainable supply chains? With that in mind?

Gordon: Huge. I mean, we've been looking and asking questions for this over the last three or four years around [00:24:00] both internal and external collaboration, so internal within the organization.

Because procurement and, and to a degree supply chain, I think have always been accused of our operating in, you know, ivory towers and silos and not being aligned to the kind of business. So driving a better internal collaboration, has been something that's been really, you know, clear to me. And, and we see different parts of the businesses taking different approaches into do this. HR business partners are a good example of our organizations do this a much more of a move to a business partnering piece using interestingly technology to automate a lot of the standardized kind of processes. What I know about internal collaboration and what the research report tells us is that it really does help break down silos and 74% of organizations are reported that the benefit of increased internal collaboration are increased cost savings and 61% saw improved digital adoption. Nothing else was close, nothing else was within 30%

of those two. So again, as a research guy, I kind of look at this and go, okay, it's those two. Just ignore everything else. 'cause it's those two. Those are the two that that you do. And I say this jokingly sometimes, who knew if we [00:25:00] actually collaborated and talked to our internal customers we get better cost savings because there'd be more compliance with contracts. 'Cause we understood more about what they wanted it's the external collaboration bit as you talk about, from a network for a supplier's perspective. That's where the fun stuff is. And as I mentioned previously pre say 2002, 2003, there was an, an emphasis on supplier relationship management, understanding what supply relationships were all about. And I think organizations got away from that when they don't need to because the market can drive the relationship. The power balance between buyer and suppliers is firmly with the buyer and not with the, so, and you know, we know from, from all of the models that have been done from Crow and from Professor Cox and from Michael Porter, from from the 80 Kearney, guys that power imbalance, when I, when the power's in my favor means I can act in a, in a certain way. Now, you can choose not to act in a certain way, but many organizations do do act in that way. What obviously happened from 2016 is you saw that power balance become balanced. Then it became pretty much the other way. [00:26:00] And in many markets, suppliers have certainly got those that power balance. Either way. What I would say is that the, the need for a relationship management piece is important and the need for collaborating with suppliers. And again, we asked the question this year, what are the benefits of the increased external collaboration with suppliers? 48% source sustainability gains, 38% noted increased supplier innovation. And again, I kind of come back in old America going, who knew collaborating with a supplier might actually get 'em to want to innovate for you? I think it was the CEO of Ford said, this is a few years ago, 90% of the innovation in their products comes from their suppliers.

Richard: And I'm sure if you ask the high tech company, they'd say the same, so many industries would.

Gordon: Absolutely. So, you know, faster time to market was another one well. That was about 25%. 26% said no. We see a faster time to market through collaborating with our suppliers.

And I think that's where, you know, the opportunity is from a collaboration thing is, [00:27:00] you know, I've been asking people when I speak to them, what are you doing to improve your collaboration internally to drive these two outcomes? What are you doing to drive your collaboration externally to get better sustainability gains, to get ideas, you know, what you want. And I used to say this when I was A CPO, so we weren't the biggest show in

town. We are competing with other, this is in healthcare. We're competing with other private healthcare operators who are much bigger. I've got more money to spend. We don't, we don't have that. What we do have is the ability to collaborate with suppliers in a lot easier way than some of the bigger ones. 'Cause we are, we can be more agile. So in the way that we measure this is this, my job is that if this supplier can only supply to one customer, that has to be us. That has to be us. I want 'em to innovate for me at the expense of my competitors.

Means that I lock things up and I only have six month advantage. Then so be it. Have a six month advantage. I've gonna quote a formula.

Richard: That means it's gotta be a win-win relationship because they have [00:28:00] to want to work with you .

Gordon: So from a game theory, I love game theory, positive sum gain we have to create value. We have to be willing to share value. And that doesn't mean splitting everything 50 50. It does not mean that, but it doesn't mean that we have to share the value. We have to understand what's important to the suppliers and be able to share that value back. And I think if we're looking for an edge in a competitive. There was a quote a guy called Frank Williams who used to run the Williams team. And his basic kind of decision making matrix was, does it make the cargo faster? If it makes the cargo faster, then we're gonna do it. . So I kind of like overlay that a little bit and say, okay, does this give us a competitive advantage in a marketplace? Well, if it does, then we're gonna do it. Collaboration, I think, kind of, kind of does that. That might give us, and it might only give us a Fleeting win, but it means that, we send a message out to markets, we send a message out to potential customers that we are always willing to innovate or always willing to do something different, and people value that, I think, in markets. That's what I think is a, is a big area of what collaboration can play. [00:29:00]

Richard: So gordon, we're, we're coming to the end of the podcast and I have two questions left for you. I mean, you've done this research for four years now. You obviously have studied this a, lot and other research. So What advice would you give leaders navigating today's complex supply chain landscape based on this and other research that you've been doing?

Gordon: So one of the big things I talk about for organizations in digital transformation is don't take what you've got and try and gem it into whatever new solution that you are buying. Almost throw away what you've done. Don't be constrained by those limits of what you've been doing in the past. Think

about what you wanna really try and achieve and then let the technology work its best to deliver those kind of things. And then write the processes to allow that technology to work. Don't start with the processes. Start with the end in mind. So second, habit of seven habits of highly effective people. Habit number two was begin with the end in mind. And I think that's something, so invest in digital. Foster a culture [00:30:00] of agility and curiosity. Curiosity, I think is one of the underused skills that we have. I think as humans, it's going to be incredibly important for us to be curious and to work in partnership with AI to help foster that curiosity and to help us answer that, but as human beings that curiosity is what we have, and I wanna foster that curiosity. What we can see is better collaboration drives savings, drives innovation drives, ESG progress. If those things are important to your organization, then fostering that collaboration approach is critical.

Richard: Right. So we have one final question that we ask all of our guests. So I am sure that you will have an interesting answer to this one. In a sentence or two what is the future of supply chain?

Gordon: Future supply chain agile, nimble, the ability to move quicker. And I think I mentioned earlier, one of the, a key [00:31:00] driver for agility is actually preparation and planning and doing a lot of scenario planning. For me, that just allows you to, to respond So I think it's very dynamic. I think it's very agile. I think it has to be. Very data driven. In a world of AI, AI thrives on good clean so therefore, being data driven is incredibly important and I think collaborative working both with suppliers and building that, that deeper relationships. What I do see future of supply chain is I'm not convinced that globalization is completely over.

I'm not convinced that global supply chains don't have a place. I am convinced that a lot of supply chains are gonna be shaped by geopolitical shifts over the next three to five years. And does that mean that we're gonna end up with a lot more small and more local supply chains? Maybe. I think we're gonna have more suppliers to manage. The days of supply base reduction are gone. I think it's a lot more about supply base increase. Because having a single supplier that could do everything, if we're, if we're looking to localize What that's just not gonna be true. You're gonna have to break up a lot of the things that you previously [00:32:00] bundled and almost go into, almost back into market specialization. If we know our economic theory, we know Adam Smith talked about specialization. So I think that's probably for me, what the future is. I think definitely agile though. If there's one word I can leave your listeners with. Think Agile, think the ability to respond quickly Because the world is changing so rapidly, both from technology and geopolitically, you're gonna need to be agile.

Richard: Gordon, this has been a wonderful conversation. I've really enjoyed it and I think we could keep talking for another 35 minutes. So thanks very much for a great discussion and I'm You welcome back anytime.

Gordon: I love to back. It's been a pleasure to chat to you and we didn't even talk about the rugby.

Richard: I don't talk about rugby anymore. Wales haven't won a game in about two years. Thanks everyone for listening. We'll be sure to include the Economist Impact study in the show notes. But until next time from Gordon and I, thanks for discussing the future of supply [00:33:00] chain.