

With opportunities to achieve savings diminishing as functions progress in maturity, value beyond savings must become business as usual for category teams in 2020.



Use 4 insights from the **Category Planning Guide 2020** to sense check how you're preparing for the year ahead.

1. While projected savings decrease, cost savings targets are on the rise



ACTION:

Look beyond cost savings to focus on leading or influencing activities which add value beyond savings.

Ways to add value beyond savings:

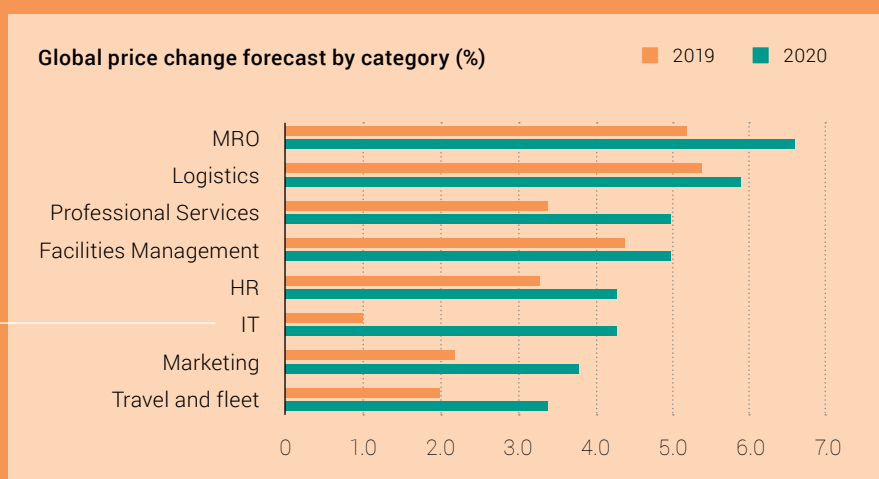
- Customer satisfaction
- Employee engagement and development
- Innovation
- Top- and bottom-line growth
- Business resilience
- Corporate social responsibility
- Outsourcing

2. Greater price increases are expected across most spend categories

OVERALL PRICE CHANGE FORECAST

2.1% vs. 4.0%

2019 vs. 2020



Increase of 3.3 percentage points driven by predicted supply chain disruption from ongoing US-China trade disputes

ACTION:

Turn attention to methods other than negotiation to offset price increases. Find additional productivities in labour-heavy categories, uncover new efficiencies in internal and supplier processes and more effectively manage internal demand for goods and services.

3. Most common risks anticipated by category managers



Tariffs



Inflation



Cyber threats or data security breaches

ACTION:

To offset the added expense of tariffs, leverage scale where possible and cooperate with suppliers to find efficiencies through system and process improvements. By being forced to look more closely at total costs, buyers may uncover savings in areas they have yet to explore.

4. Disruptors for 2020

3 trends most likely to impact categories



Increased automation



Improved data visibility



Market consolidation

5 categories most likely to be disrupted

- 1 Marketing
- 2 Logistics
- 3 IT
- 4 Telecoms
- 5 HR

ACTION:

Invest in your team's digital capabilities. To capitalise on automation, category managers must become technology savvy and able to structure contracts with non-traditional types of suppliers who are supporting technological innovations.

The need for change.

With 2020 prices increasing at a faster rate than in previous years and risks and disruptions intensifying, now is the time to plan ahead and uncover new avenues to deliver value.



Contact info@procurementleaders.com to find out how to access to category intelligence and strategic guidance to reach your category goals in 2020.

Learn more: procurementleaders.com

* Data and insights from Procurement Leaders Category Planning Guide 2020.