ECONOMIST IMPACT

# Procurement skills for the future



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The procurement landscape is becoming more complex due to the expansion of global supply chains and the emergence of new demands. Modern procurement leaders must go beyond cost savings, incorporating advanced technologies and implementing more sustainable and ethical sourcing practices. These changes require a strategic approach to skill development that integrates recruitment, ongoing learning and cross-functional collaboration.

**Big idea 1**
The future of procurement skills lies in sustainability and innovation

**Big idea 2**
Gains from AI are already here

**Big idea 3**
The gap between current skills and future needs is wide

**Big idea 4**
A disconnect between leadership and junior employees could hinder procurement effectiveness

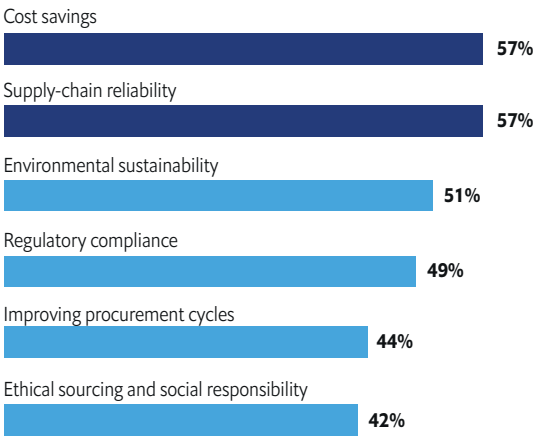
**Big idea 5**
Strategic success depends on balancing in-house capabilities with external expertise



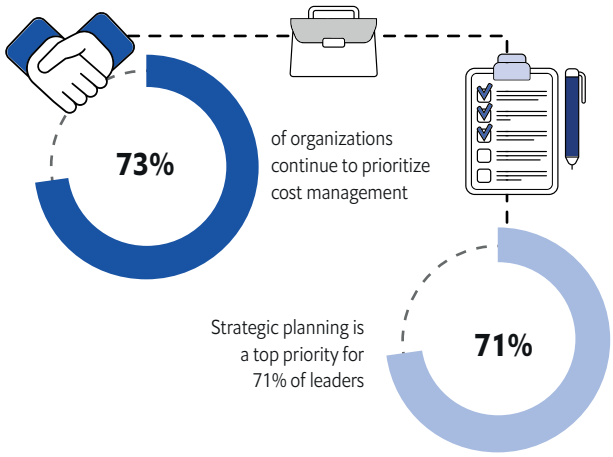
## Traditional competencies remain essential but are no longer sufficient

A strategic shift is under way as organizations prepare for technology and sustainability to play more central roles in procurement.

**Core skills still dominate procurement needs and will continue to do so.**



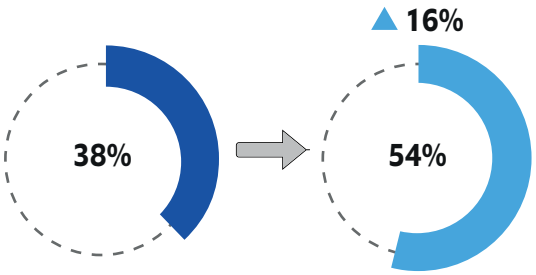

Cost savings and supply-chain reliability remain the top organizational priorities related to procurement.



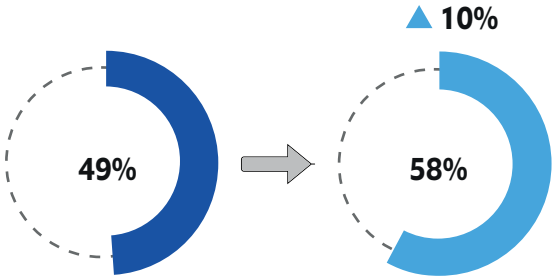
Leaders are shifting focus from purely operational efficiency to creating value through sustainability and innovation. Digital-transformation management and environmental sustainability are expected to become more important for leaders within the next five years.

Now  Five years from now

**Digital-transformation management**




**Environmental sustainability**




Leaders who prioritize environmental sustainability in procurement often emphasize ethical sourcing and social responsibility as well.

### Next step

**Fundamental skills still matter, but firms can differentiate themselves in the market if they train for or hire sustainability, ethical-sourcing and technological expertise.**



## AI and automation are already transforming procurement

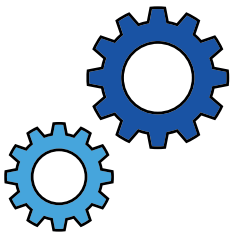
Firms are improving their procurement-related capacities by focusing time and resources on their technological proficiency (57%) and digital transformation (52%).

**AI is making its mark**

Firms are focusing the most time and resources on their technological-proficiency (57%) and digital-transformation (52%) efforts to improve procurement-related capacities.

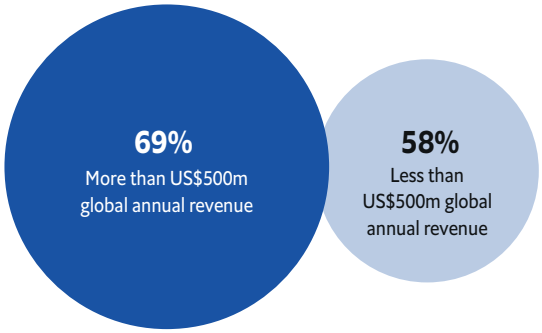


**64%**
of respondents agree that AI tools help procurement professionals at their organization do their jobs better.

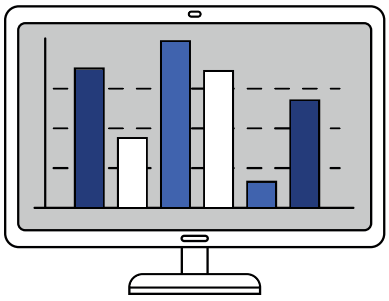


**2/3**
About two-thirds of procurement executives report personally using AI/machine learning tools for procurement activities at their organization.

Large organizations are getting more value from AI tools to help procurement professionals.




But traditional analytics are still key, at least for now.



**77%**
say data analytics is the most critical technology, versus just 66% for AI/machine learning.

**57%**
believe AI will replace procurement tasks or roles at their organization in the future.

### Next step

**Traditional data analytics shouldn't be overlooked in the search for newer technologies. However, procurement leaders should consider the most effective ways to incorporate AI tools, as they free up staff time for high-value, strategic work.**

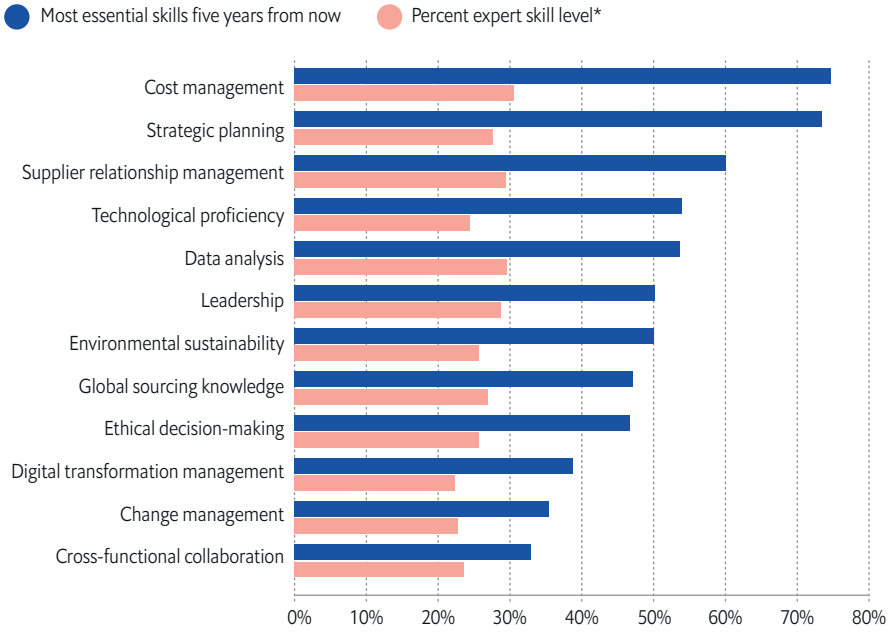


## The growing skills gap threatens future effectiveness

The skills leaders see as most essential for the future do not align with the current state of procurement.

**There's a gap between current skills and future needs in organizations**

The frequency of training is not correlated with the skills firms say they will need.




*proportion of respondents who rated their organization's skill level 4-5 (expert) on a 1-5 scale.

### Next step

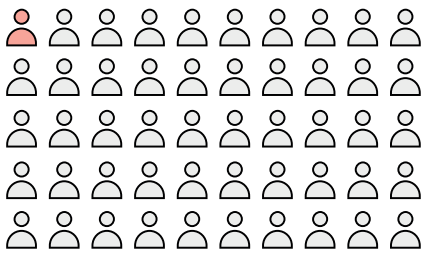
**Firms must regularly evaluate the competencies on their procurement teams to identify gaps. Missing skills can be acquired through hiring or supplemented externally.**



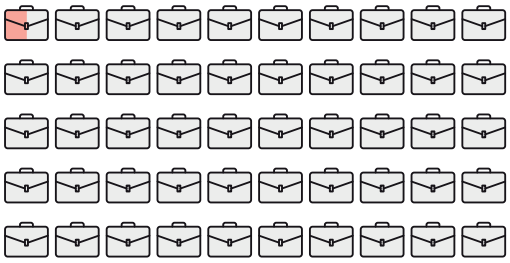
## A disconnect between leadership and junior employees may undermine procurement effectiveness

While procurement has strong support from top leadership, buy-in is lacking at lower levels. This increases the risk of rogue buying.

**Procurement teams lack full support as well as the skills they need to change that**

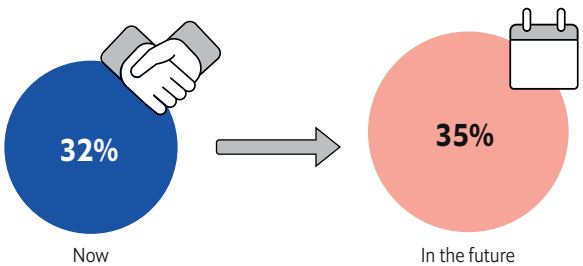


**2%**
of procurement leaders feel they have significant support from junior employees.



**1%**
of procurement leaders feel they have significant support from buyers outside the procurement function.

**Cross-functional collaboration plays a critical role in successful procurement strategies, but is rated as the least important skill for now and in the future**




### Next step

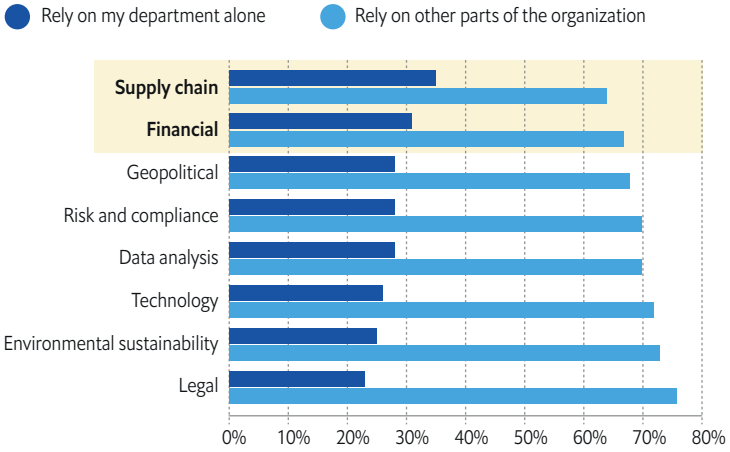
**Leaders should develop a strategic plan that delineates which skills to cultivate internally and which to outsource, supplementing areas of immediate need while looking to bring core business and procurement expertise in-house.**



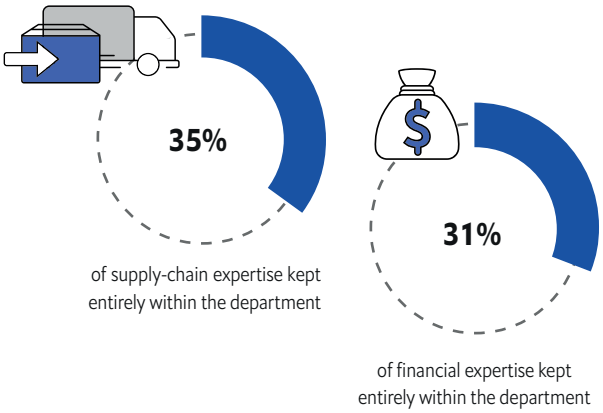
## Balancing in-house expertise with external partnerships is key

Successful procurement skills strategies supplement internal skills development with external expertise.

**When procurement teams need to supplement capacity, they collaborate with other departments as well as external partners**



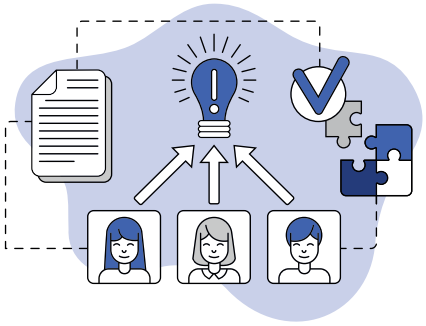

**The skills that procurement teams are least likely to outsource are supply-chain expertise and financial expertise**




### Next step

**Leaders can ensure a balanced and robust procurement function by developing a strategic plan that delineates which skills to cultivate internally and which to outsource.**

## Looking ahead



1. **Evolve beyond traditional competencies**
   Strengthen core skills like sustainability and ethical sourcing, while integrating soft skills to complement AI's role in procurement strategies.
2. **Leverage AI and automation for a competitive edge**
   Upskill procurement teams to integrate AI and automation for routine tasks to streamline processes and reduce costs.
3. **Proactively address the skills gap**
   Based on an assessment of current procurement skills, implement regular and structured training programs to meet future needs.
4. **Strengthen cross-functional collaboration**
   Foster cross-departmental communication and integration, especially between procurement teams and junior colleagues.
5. **Balance internal expertise with external partnerships**
   Bring core skills such as digital transformation and sustainability in-house while addressing immediate needs with external resources.

## Procurement skills for the future

The Procurement Skills for the Future research program from Economist Impact, supported by Amazon Business, involved in-depth interviews with experts in the field and 900 director-level professionals across various industries: education; financial services, banking and insurance; government; healthcare and life sciences; manufacturing and industrials; non-profit; and travel and hospitality. The study examines the essential skills for procurement leaders, identifies gaps and explores how organizations can effectively access and develop these critical capabilities.