



Building new capabilities in unsettling times

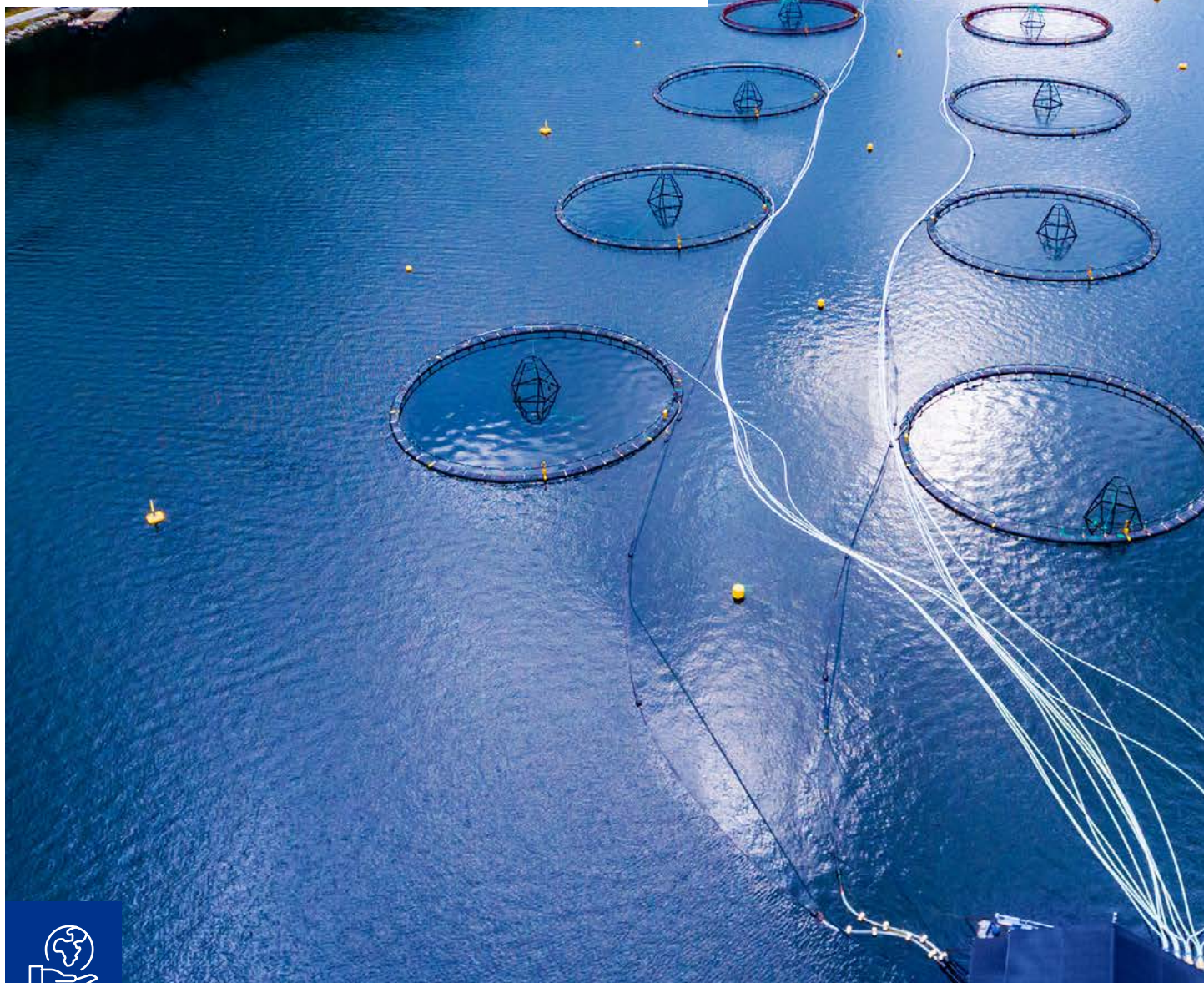
A dialogue with Norway's
Chief Procurement Officers



CPO Survey
Norway 2022

INTRODUCTION

Building new capabilities in unsettling times



Procurement ambitions in Norway have evolved very fast over the last few years, often closely following corporate strategies. There are several parallel directions we have seen: a focus on value creation and innovation has come with more supplier partnerships vs. a classical focus on costs and competition. Sustainable supply chains and in particular carbon management (Scope 3) need new competencies and tools. A large wave of digitalization projects in Norway's procurement organizations is coming with significant efforts to improve business processes. And after two years with a global pandemic and the war in Ukraine going into the 4th month, procurement leaders have a more pronounced focus to think 'People first'. Overall, being on the journey to *"Building new capabilities in unsettling times"* was the message we received from Norway's CPOs in our survey.

Through our conversations with the procurement leaders at 30 of the largest private and public sector organizations in Norway, we have gained an up-to-date insight into what is on procurement's strategic agenda today and where procurement teams stand in executing against these ambitions. When preparing this survey, we decided to let our most experienced advisors have personal dialogues with Norway's procurement leaders – rather than running a quantitative questionnaire.

We also decided to structure all our dialogues around six dimensions: strategy, organization, risks, digitalization, sustainability and people. We felt that we could capture real insights through personal dialogues, learning about drivers, challenges and results.

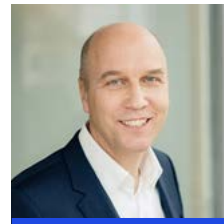
Building new capabilities in unsettling times

And the systematic focus on the six key dimensions allowed us to validate our insights across all participating organizations and to form a coherent understanding.

We expected our own strategic pillars at KPMG – people, digitalization and sustainability – to be important elements in the work of procurement teams as well, and while we found this to be fully confirmed for digitalization initiatives, the practical focus of procurement teams towards sustainability work, and in particular towards the de-carbonization in the supply chain (Scope 3) is often just beginning.

We are excited to present everything we learned in this detailed report and would like to thank everyone who kindly took the time to talk to us and thus helped make this CPO Survey possible. We want to emphasize that all conclusions made in this report are entirely based on KPMG's assessments.

Enjoy reading!



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Partner



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Participants in our CPO Survey

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Lyse

MOWI

Norsk Hydro

Norsk Tipping

Norwegian Air Shuttle

NRK

Statkraft

Statnett

Storebrand

Sykehusinnkjøp

Telenor

Tietoenvry

Tolletaten

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Credit: Equinor / Jan Arne Wold & Bo B. Randulff

Executive summary



When conducting our dialogues with Norway's CPOs in the spring of 2022, two years characterized by a global pandemic had left behind considerable impacts on businesses, supply chains, people and society at large. Then, in February 2022, the war in Ukraine essentially ended Russia's existence as a member in normal standing of the international community and, from a business perspective, did lead to a still evolving crisis in critical sectors – most notably energy, certain raw materials and food.

Some of our dialogues naturally involved procurement leaders in highly affected sectors – like oil & gas, energy, transport and the health sector – and we gained insights on business disruptions, supply risks and price volatility. But while the pandemic and the war in Ukraine were common topics in our dialogues, we learned quickly that the dominating theme in all discussion was a different one: the ambition to build up new capabilities in procurement teams.

Drivers such as increasing complexity and risks, new regulatory requirements, a fast-growing focus on climate change and corporate digitalization strategies have apparently led to a wave of projects that come with the need for enhanced capabilities. There were three dominating themes in our dialogs – procurement digitalization, risk management (also connected to sourcing strategies) and sustainable supply chains.

Most clearly visible to us was the imminent focus on pushing digital capabilities: There is a wave of procurement digitalization projects in Norway right now with ca. 75% of participating organizations being in the process of assessing and sourcing or already implementing new digital procurement technology.

The majority of these projects appears to focus on Sourcing, Contract Management and Supplier Management and we identified two main drivers: firstly, many renewed corporate strategies include digitalization as a strategic priority, allowing procurement leaders to (finally) take bolder steps to implement leading business applications. The second driver, however, is apparently specific to Norway: many larger organizations in Norway are (or have been) using an aging application for sourcing & contract management – Contiki – that is now end-of-life and multiple projects to replace and innovate are required to start in 2022.

The second theme, risk management capabilities, is apparently pushed by a multitude of risk domains, some of them sector specific. The financial services sector, for example, is highly regulated, and guidelines on outsourcing, data privacy, IT security and anti-money laundering (AML) are regularly scrutinized by authorities. Combined with constantly evolving regulation, there is a strong need to focus on adequate capabilities and often also on tools to manage these processes and third-party risks.

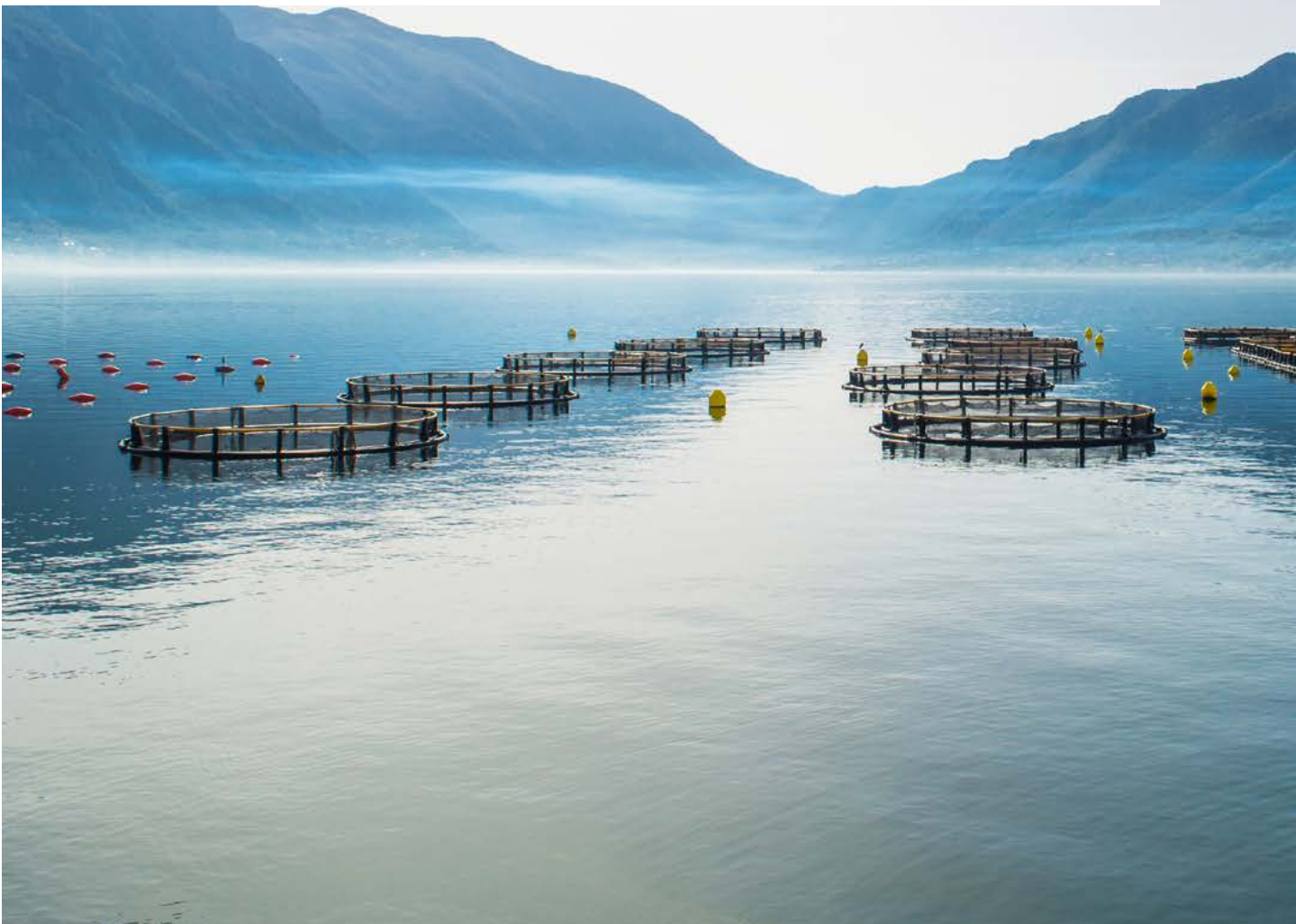
75%

There is a wave of procurement digitalization projects in Norway right now with ca. 75% of participating organizations being in the process of assessing and sourcing or already implementing new digital procurement technology

In other sectors such as industrial manufacturing or infrastructure, physical supply risks are more critical – availability of multiple raw materials and certain manufactured goods was severely impacted throughout the pandemic and risks further increased with the war in Ukraine. Here, many procurement leaders told us that they are increasing their capabilities to work with suppliers more strategically, in partnerships and alliances. The key benefits sought after are increased transparency and insight into supplier capabilities and supply chains, and a stronger commitment and leverage, including to secure access to scarce products.

The final theme, sustainable supply chains, is evolving as we write this report: while most every participating organization has announced corporate sustainability targets and has invested over years to improve social and governance processes, procurement's specific role in building de-carbonized supply chains – that is to measure and manage reductions of supply chain carbon emissions (Scope 3) – is only evolving and more than half did not yet have capabilities and practical processes to address emissions throughout their supply chains.

Detailed insights are provided throughout this report.



STRATEGY

Building new capabilities – and positioning procurement



The pandemic showed clearly that Procurement is a strategic function in the Health sector

Bente Hayes, Sykehusinnkjøp



Credit: Statkraft

There was an obvious question at the beginning of each dialogue: we were curious to learn to what extent the pandemic and the admittedly only recent development in Ukraine would have impacted on procurement strategies. But we often received feedback, that the impact was rather limited: the overall strategic direction was defined by the need to support corporate strategies, with digitalization being a common priority, and by the need to be a capable business partner in the organization.

The pandemic and the war in Ukraine did impact on certain priorities and required tactical responses in several categories, while the overall direction was dominated by themes such as sustainability, digitalization and strategic supplier partnerships, and was already embedded in existing procurement strategies.

In other words: the quite common view was that procurement strategies had already evolved from a dominating focus on costs towards what one CPO called “the total value package”, with multiple pillars: building a more sustainable supply chain, support the company-wide focus on operational excellence, improve digital capabilities in procurement, develop strategic supplier relationships and partnerships, all combined with a strong focus on developing the people in the procurement team.

Now, while the strategic directions from a content perspective where quite comparable, we saw rather large differences in the ambition levels and capabilities: not every organization, of course, requires or can afford a large team with specialists focusing on categories, digitalization, operational efficiency and so on.



Credit: Kongsberg Maritime

As expected, we saw an obvious relationship between the business criticality of procurement for the respective organization on one hand,

The pandemic and the war in Ukraine did impact on certain priorities and required tactical responses in several categories

and the size, the capability and the ambition level of the procurement teams on the other hand. There are several good indicators for this business criticality, in particular the specific level of procured spend in relation to total costs and, secondly, the complexity of

procured goods and services, often connected to the respective industry sector as a pointer towards the key categories being sourced.

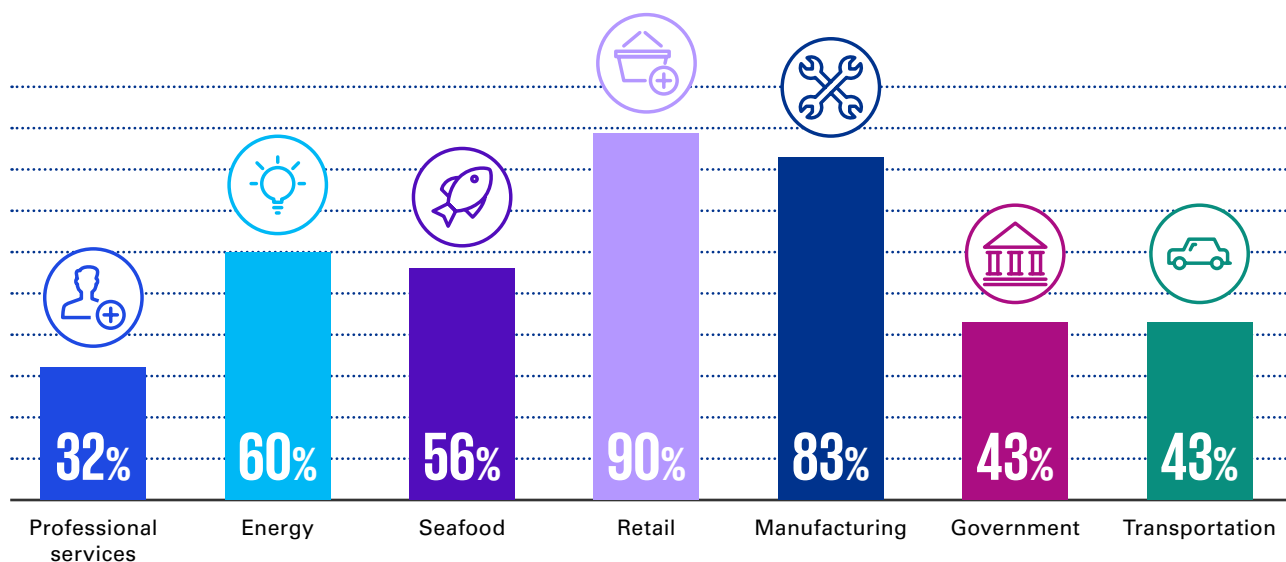


For global procurement to be successful, it needs to build on a common governance, harmonized processes, digital and talent development

Rob Anthony, Kongsberg Gruppen



The annual spend in relation to total costs indicates the criticality of the procurement function within the organization



Data retrieved from publicly available annual reports of the participating companies

In our assessment, a key consideration was then the adequacy of existing capabilities and the efforts to address any capability gaps. And here, there seems to be an interesting finding. While gaps arise quickly with the dynamic evolution of requirements, it was mostly the large and already very capable organizations that were building additional capabilities rapidly, while there was a “slower response” in those organizations, where Procurement is a less business-critical business function.

There is significant value from procurement being a modern and capable player in most every business, and we believe that corporate leadership needs to address this opportunity in every organization.

Some of the procurement leaders we discussed with described a situation where they were in dialogue with their top management to broaden the mandate of their teams, in line with the evolving position of procurement we described above (the “total value package”).

Here, we heard from some of them that critical product availability due to the pandemic and the war in Ukraine had presented them with an opportunity to better explain the strategic importance of a capable procurement organization, which had facilitated an increased management support. To put it in Churchill's words: "Never let a crisis go to waste" in getting the required leadership attention.



Longer with fewer – while maintaining a broad supplier base

Mette Halvorsen Ottøy, Equinor

There was one more very notable strategic element in our dialogues: the use of long-term, strategic "partnerships" with suppliers in competitive supply markets, with the central question being around value generation: how to maintain cost and performance focus previously achieved with regular competitive tendering vs. efficiency, quality and standardisation gains targeted in committed, long-term supplier relationships.

Many recent studies show that business partnerships are on the rise worldwide. The aim is often to bring together critical expertise, respond to technological disruptions or to new regulations, and to better deliver on complex business plans. As procurement works closer or even integrated with key business functions and aims to support corporate strategies, we received clear feedback that supplier partnerships and alliances are also more and more relevant approaches for many procurement leaders we talked to.

Notably, this observation extends beyond the industry sectors where long-term supplier partnerships have been a common approach, such as oil & gas or industrial manufacturing.

There are known challenges with long-term supplier partnerships, in particular the need for a strong capability in developing and managing contract structures that ensure long-term performance on joint targets. These targets naturally still include competitive costs, but additionally focus on supplier performance and supplier innovation over significant periods of time. It became clear in our dialogues, that this challenge is permanent – and it is up to Procurement professionals to ensure that long-term supplier partnerships are indeed based on adequate contracts with joint targets, transparency and performance-driven commercial terms.



Credit: Equinor / Johnny Engelsvoll

ORGANIZATION

Center-led dominates – facilitating change



Procurement is a strategic tool for realizing our organizations ambitions with regard to both cost efficiency and sustainability

Marit Kristensen, Forsvarsbygg



Assessing how companies organize their procurement teams can benefit from understanding the development over time – so let's take a look back: In 2013, KPMG and Procurement Leaders performed a global CPO survey with more than 400 participating CPOs from organizations across 16 countries. (*High Impact Procurement Operating Models – A Survey of Global CPOs; KPMG, 2013*). The survey specifically focused on “What should procurement look like, and why?” and “How should procurement best interface with its internal customers”.

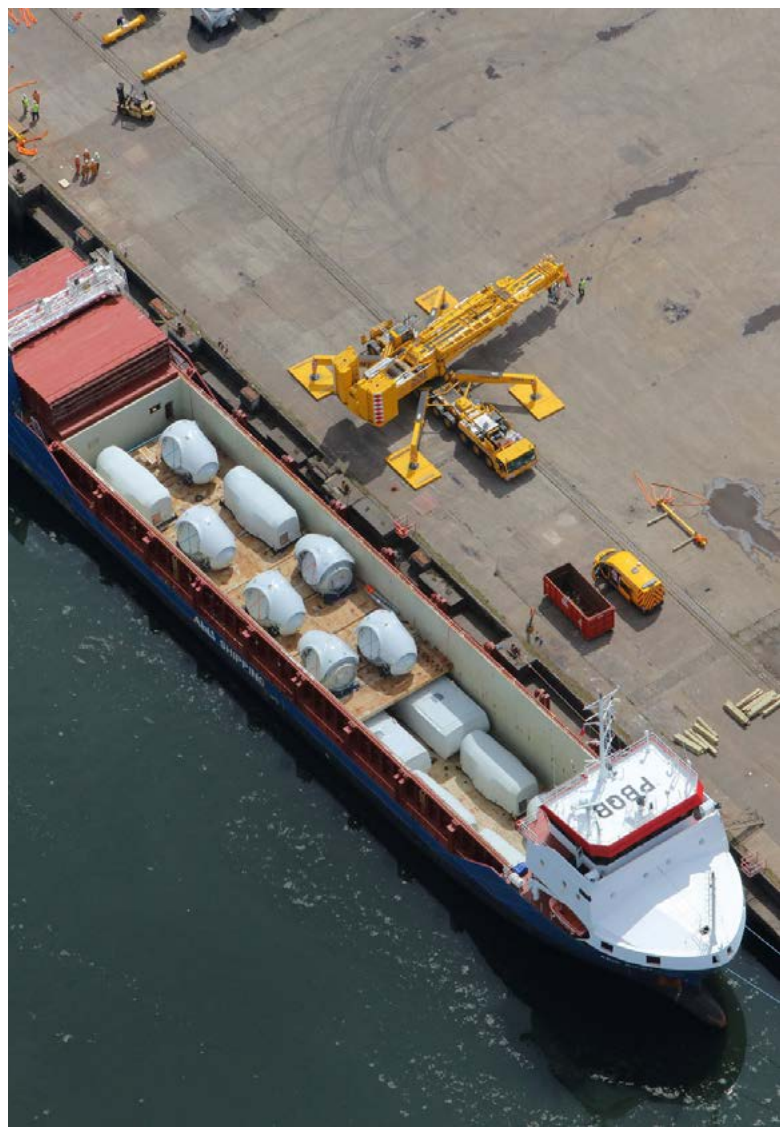
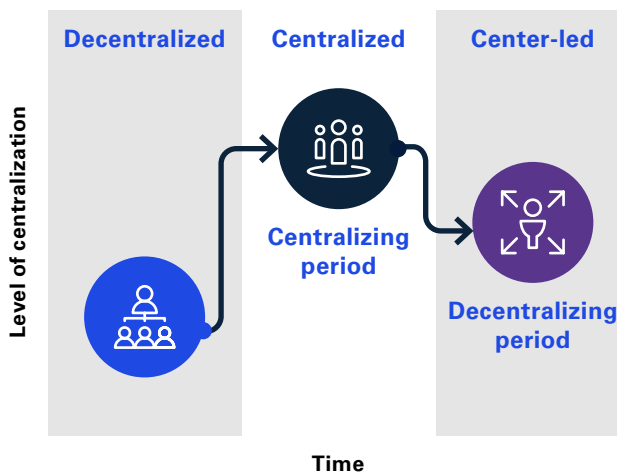


We have several dedicated colleagues in our organization working on sustainability

Bente Hayes, Sykehusinnkjøp

The study came with several intriguing findings, including that the most mature organizations were tending towards a “center-led” model. The journey of the analyzed procurement teams towards this “center-led” model was often described as follows: a decentralized starting point with little coordination and low maturity, typically being transformed in a first step towards a very centralized approach in order to best leverage the combined purchasing power and to establish standard processes and controls. Eventually, organizations would settle on a center-led model with a distributed team, providing better responsiveness and proximity to internal peers in other business functions, while allowing procurement teams to maintain good central steering and controls.

Procurement journey



Credit: Statkraft



When discussing the organizational set-up with Norway's procurement leaders now in 2022, a large majority was also outlining structures to us that are best described as a center-led operating model. The development towards the status quo had typically included the implementation of company-wide category management processes as the main source for value generation, and a few iterations of translating learnings from interfacing with stakeholders into finding a fine-tuned organizational fit.

We also saw that the set-up often included a combination with elements from various models. Larger, multi-national organizations do typically appear to have a center-led set-up including some decentralized processes, but also fully centralized procurement teams, for example for procurement technology.

In some, typically more complex organizations we also saw solutions of business partnering, where large business functions or sometimes subsidiaries had dedicated procurement contact points – account managers – to facilitate better demand management, support and stakeholder management.



For global sourcing to be successful across a multi-divisional organization, this requires: 1. Collaboration and trust to work as one company; 2. Top management and board focus

Rob Anthony, Kongsberg Gruppen

In KPMG's assessment, driving and maintaining performance and controls when allowing for more decentralization is facilitated by a more mature organization: good digital procurement technology, experienced procurement leaders and category managers, a performance culture and good communications are facilitating a consistent performance in a distributed environment.

For most procurement organizations, the pandemic had brought with it a significantly more regular use of digital video meetings, allowing closer and effective communication with colleagues in a decentralized set-up. As a result, some of the procurement leaders spoke about increasingly looking for new talent at "remote" locations. In a very tight resource market (compare the People section in this report), this increased flexibility when searching for key talent was considered highly beneficial.

RISK

Scarce materials and high price- volatility

Building new capabilities in unsettling times

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**DNB has invested in
additional systems and
processes to better
manage third-party risks**

Morten Skårdal, DNB



Credit: Equinor / Jan Arne Wold & Elisabeth Sahl

When discussing procurement and supply chain risks with Norway's procurement leaders, we aimed to understand how much their organizations have been and still were impacted as the world economy recovers from the COVID-19 pandemic. By way of background: During the global pandemic in 2020/21, the newly established Global Supply Chain Pressure Index (GSCPI) registered the highest disruptions in global supply chains ever measured.

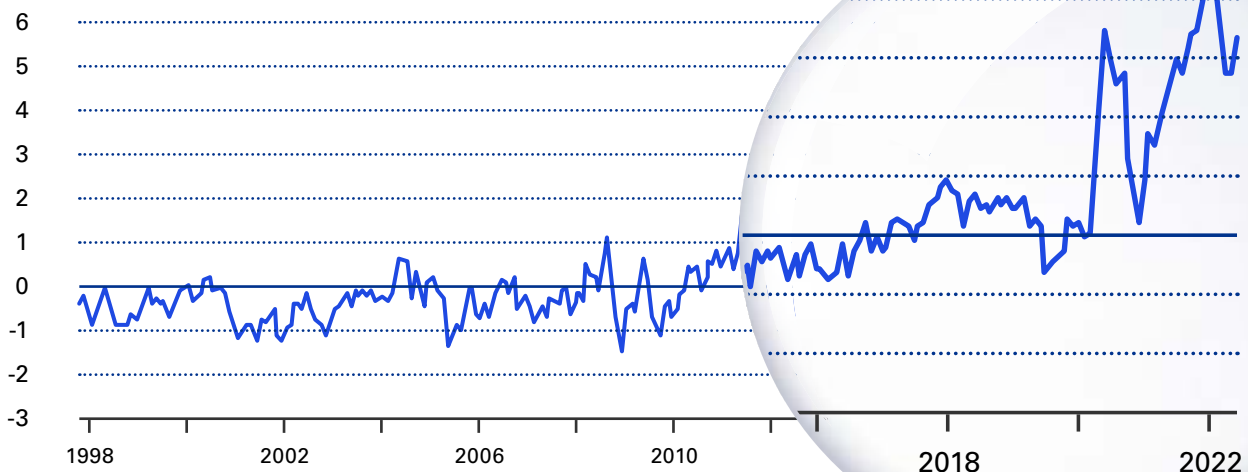


Our largest risks right now are lead times, increased prices and availability of manufactured goods

Cato Gundersen, Lyse

Global Supply Chain Pressure Index (GSCPI)

Standard deviations from average value



So what did we see? In our survey, only ca. 10% of participants represent the industrial manufacturing sector, but their judgement was quite consistent: supply chain disruptions in the past two years have been severe – availability of raw materials and components have impacted production significantly, logistics were “a nightmare” and, in line with these difficulties, pricing for several materials and transport did rise unprecedentedly. Another ca. 20% of participating organizations in our CPO survey represented infrastructure sectors, including energy, where manufactured products and components are important. Disruptions here have been more limited to selected categories, such as steel, plastic and cables, for example,

and we were again told regularly that transports had longer lead times at much higher prices. We also consistently heard that supply chain disruptions are still ongoing, with certain categories becoming critical only with the start of the war in Ukraine.

The vast majority of the CPOs participating, however, did mention very limited supply chain impacts on their day-to-day business – this was particularly true for the large professional services sector. While everyone could provide anecdotal evidence of delayed deliveries, be it office furniture or IT components, these delays did not impact the business performance significantly and were not considered extraordinary.

Supply chain performance is only one important risk consideration, of course, and for all organizations, we enquired about data privacy and information security risks (GDPR, Cyber), corruption and bribery risks, about compliance and business continuity. While regulatory pressure is apparently particularly strong in the financial services sector, (with additional requirements on outsourcing and anti-money laundering), these wider risk domains have indeed become part of most every procurement leader's mandate.

There are several key drivers here: firstly, data privacy and information security have become mandatory and highly regulated, and breaches are often costly. Secondly, the use of cloud infrastructure and cloud applications is becoming more and more dominant, and with sensitive data being moved to cloud providers, there is a growing need for procurement professionals in cooperation with IT experts and legal specialists to understand related risks and execute

appropriate sourcing processes and cloud agreements. Most CPOs we discussed with had indeed been confronted with complex data privacy legislation such as Schrems II.

And finally, several of these risk domains can have large reputational impacts. Incidents related to corruption and bribery, but also, for example, to business continuity, will often immediately lead to negative public scrutiny, including in social media.

Looking into risk mitigation strategies with regard to supply chains, there was a notable shift to more robustness, in particular for more end-to-end transparency. There were also considerations to localize supplies or to work with increased inventories. The increased focus on strategic, long-term supplier partnerships already discussed in the strategy section also comes with a risk consideration: Scarce resources, be it raw materials, components, manufactured goods or services, will often be allocated to preferred clients in long-term partnerships.

With supply risks continuing to increase, we were not surprised that a large majority of participating organisations were using digital risk management tools. While only a smaller part, ca. 20%, had risk management platforms with integrations into the Source-to-Contract process, more than 80% of participants were using one or several stand-alone tools to manage risks, and in particular to efficiently

use external risk and sustainability assessments. Tools regularly mentioned include Ecovadis, D&B, EasyRisk, BvD, IntegrityNext and several more.

With more sensitive data being moved to cloud service providers, procurement needs to understand related risks and coordinate appropriate sourcing and contracting processes

A wave of digitalization projects in Procurement

Building new capabilities in unsettling times

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We consider to boost our digital procurement capability

Lars Kjos, Hafslund



Software implementation projects were always perceived risky, expensive, coming with significant resource requirements and cost overruns. And looking at procurement organizations this meant that there were typically low budgets and little appetite for dedicated procurement applications. To be fair, there was a parallel lack of good and innovative offerings in the market, too. Instead, procurement would typically rely on functionality in the organization's finance system for operational procurement processes (procure-to-pay), and potentially a tactical tool for sourcing or contract management. Often, many process steps would remain manual.

There were major issues with this approach:

for one, procurement generates value by managing spend. While procurement functionality in finance systems would provide a

Cloud applications are typically much more standardized, they are built on leading practice processes, and are implemented faster and at lower costs.

good back-office solution to manage invoices, accounts and taxes, these systems had poor front-end functionality: buyers require categories, catalogues, user-friendly ordering and receiving, and flexible approval processes. Without an intuitive user-interface, procurement struggled to get "spend under management", and was often perceived a hindrance, rather than a value creator.

Also, procurement teams did not have sufficient access to advanced source-to-contract applications – solutions to manage suppliers, categories, sourcing, contracts and risks, ideally in an integrated platform.

Fortunately, the scenario described above has changed significantly today. The rise of cloud business applications (SaaS) in the last years in combination with more straightforward integrations between these applications and the organizations core finance system (ERP) has led to a huge market for specialized business applications, from source-to-contract suites to a multitude of specialized tools to manage contracts, risk, sourcing and auctions, spend analytics, supplier relationships and so on.

Cloud applications are typically much more standardized, they are built on leading practice processes, and are implemented faster and at lower costs.

Corporate digitalization strategies are more and more embracing the related opportunities for value creation and consider digitalization a major priority. At KPMG we say: "Digital in everything we do".

There is also a much stronger pressure from the market to have leading digital capabilities – disruptive business models based on advanced digital capabilities make headlines every day.

With this background we expected significant activity towards digital procurement capabilities in our dialogues with Norway's CPOs. But what we actually learnt still surprised us: ca. 75% of all organizations participating in our survey were either selecting or currently implementing new procurement technology in the spring of 2022.

As highlighted in the Executive Summary, there is a second driver beyond the digitalization priority specific to Norway: more than 60 large organizations in our country are or have been using an aging application for sourcing & contract management, Contiki, that is now end-of-life, and multiple projects to replace the application are planned to start in 2022.



We have a strong need to further digitalize procurement processes

Marit Kristensen, Forsvarsbygg

Our survey found a number of key ambitions that procurement leaders were aiming for. Solutions for strategic and tactical processes such as sourcing, supplier management, contract management or risk management were selected primarily for their integrated functionality, giving category and contract managers access to comprehensive insights and more seamless support to manage their suppliers.

Where before procurement professionals would have to collect information from multiple sources and may not get data at all, the ambition was to create a platform that would integrate functionality and data flows, including from external sources into a capable tool.



The majority of projects were indeed focusing on source to contract processes, however, a smaller number of projects also aimed to implement new operational procurement technology (procure-to-pay). Here the ambitions stated were often automation, using terms such as touchless operations or touchless invoices.

The approach would typically combine user-friendly interfaces to achieve compliance and get spend under management with good functionality to facilitate matching, automated accounting and automated tax coding, all with as little manual intervention at the invoice level as possible.

75%

What we actually learnt still surprised us: ca. 75% of all organizations participating in our survey were either selecting or currently implementing new procurement technology in the spring of 2022

Only very few organisations were actually selecting or already using digital technology to manage environmental sustainability, in particular carbon emissions in their supply chain (scope 3), beyond external sustainability ratings. We will take a closer look into this as part of the next section on sustainability.

SUSTAINABILITY

Top of mind – but mostly just evolving



A high proportion of scope 3 carbon emissions come from the supply chain. We are focusing on supplier engagement and collaboration to deliver a strategic sustainability shift

Rob Anthony, Kongsberg Gruppen



While we were writing this report, the annual procurement conference for the energy sector in Stavanger took place, and procurement and supply chain professionals from 12 large organizations in the oil & gas, electricity and infrastructure sector presented their approach and learnings from working with suppliers on the sustainability agenda.

The event's focus on ESG (environment, social and governance), and procurement's role in this context, felt natural in a time where sustainability is top of mind. Governments and multi-national regulators are embracing the public sentiment and scientific insights, and new legislation and reporting requirements are introduced continuously. Acting sustainably is as prudent as it is mandatory these days.

Sustainability is not a new theme, but the current universal and very high level of attention goes back just a few years. And while the focus on social and governance elements has increased somewhat, it is quite clearly the environmental dimension, and in particular the de-carbonization of our economy, that is at the forefront of all discussions.

Before conducting our dialogues with Norway's procurement leaders, we read sustainability reports and related company announcements of all participating organizations, as available.

While the focus on social and governance elements has increased somewhat, it is quite clearly the environmental dimension, and in particular the de-carbonization of our economy, that is at the forefront of all discussions

Both, in the corporate and the public sector, basically all participants have made "top level" commitments to work on sustainability, often relating this to the wider UN Sustainable Development Goals or the Paris Agreement on Climate Change. Quite many have made commitments towards net zero, partly with

interim reduction targets for 2030, and several have committed to Science Based Targets under the SBTi initiative.

When conducting the dialogues then, we found that the basic elements on social and governance standards are mostly well established and mature. Several procurement teams work with their peers in compliance departments to

establish, train and, at times, audit ethical behavior towards suppliers. Codes of conduct for suppliers and health & safety guidelines (as relevant) are a standard tool and typically embedded in supplier contracts. Controls and safeguards (approval limits, document matching, 4-eyes-principle etc.) are designed into procurement processes to support integrity and anti-corruption.



Hopefully, soon businesses will be measuring scope 3 emissions as one currently measures cost efficiency

Bjørn Leren, Aker Biomarine



Åpenhetsloven will be an opportunity to further standardize processes

Lars Kjos, Hafslund

Credit: Statkraft

While we heard of the need for constant attention and of room for improvement, challenges related to human rights were mentioned specifically: some of the participating organizations have very international supply chains, often complex, with tiered suppliers and risks of unacceptable working conditions, child labor, slavery and trafficking in certain regions of the world.

As problems often occur at the raw material level, transparency is challenging and requires dedicated efforts to scan and search for exposures.

We were glad to hear about efforts at several organizations to address the human rights challenge, including mitigating actions.

Looking at the environmental dimension, and at de-carbonization in particular, we were a bit surprised to learn that more than half of the participating procurement teams did not yet have capabilities and practical processes to address emissions throughout their supply chains.



We have placed ourselves at the center of sustainability in the group

Arent Lasse Olsen, Tryg

To be fair, there are good reasons: understanding emission data from thousands of suppliers and potentially even more products and services is requiring a large effort.

Also regulations and reporting requirements are still continuously evolving as we speak. And, the initial direction provided to organizations was to focus on the so-called Scope 1 (a company's direct emissions) and Scope 2 (indirect emissions from procured electricity) emissions – assuming that this can be effective, with everyone taking care of one's own emissions.

Today it is clear that responsible businesses need to address Scope 3 (product use and supply chain emissions) as well: for one, between 80% - 90% of overall emissions are within Scope 3, but more importantly, it appears only possible to accelerate de-carbonization efforts, if responsible businesses motivate their suppliers and sub-suppliers to reduce emissions.

Consequently, it is today apparent that regulations and reporting requirements will be amended quickly to mandatorily include Scope 3.

In any way, significant learnings are still required: collecting data and calculating supplier emissions, identifying relevant reduction levers, engaging suppliers in a structured way, building Scope 3 into standard procurement processes and upskilling buyers and suppliers to deliver.

Here, we can close the circle, back to the procurement conference in Stavanger: one of the most compared approaches over the 2-days conference was how to embed

sustainability into tender processes, and the weighting of carbon emissions vs. price, quality and availability.

We were a bit surprised to learn that more than half of the participating procurement teams did not yet have capabilities and practical processes to address emissions in their supply chains



Procurements two main contributions for reaching our climate goals is to procure good and services with lower emissions and set clear requirements to our suppliers

Marit Kristensen, Forsvarbygg



Credit: Equinor / Ole Jørgen Bratland

PEOPLE

Key asset, but tight market, at least in Oslo

Building new capabilities in unsettling times



**We need strategic
buyers and that's
difficult to find**

Arent Lasse Olsen, Tryg



While procurement processes and technology can deliver automation and valuable insights, the main part of value creation in every procurement organization rests on the shoulders of the team – most value comes from category, sourcing and contract strategies, and the respective execution against those.

In our dialogues, we were keen to understand what mindsets, skills and capabilities are required in today's teams, if resources were available in the market, what trainings were required to stay relevant and how to keep resources motivated and on board.

Not surprisingly, we heard repeatedly that resource requirements have evolved significantly and today span a broad spectrum of skills: in addition to category expertise and sourcing and procurement methodology, procurement professionals need to have expertise to digitalize processes, manage multiple risk domains, be sustainability experts and work more and more integrated with other business functions.

While it sounds exciting to be part of such a demanding business function, the reality, we also learned, includes that the majority of the work in most teams is still spent on operational and transactional activities, notwithstanding a positive trend towards more value-generating work.



We see recruitment of graduates as an important source of finding and attracting the best talent

Cato Gundersen, Lyse

Opinions on the availability of competent resources were split – while several CPOs did not see a tight market, a clear majority stated significant challenges with both, the increased mobility of resources, leaving for attractive opportunities elsewhere, and their own ability to find capable replacements. In our assessment, the challenges were particularly visible with procurement teams based in or near Oslo. At the same time, Oslo was also mentioned repeatedly as a preferred location to find the most qualified resources.

Apparently, international procurement teams have an additional option to mitigate tight resource availability. Partly a result from the pandemic, the professional use of Teams or Zoom communications has brought a new location flexibility with it and we heard several times that new resources are hired where they can be found, which included locations where no or only smaller procurement teams were based today.

Given the increased mobility, often observed with young resources, we wanted to understand how procurement leaders manage to stay attractive and keep resources on board. Not surprisingly, a strong and attractive brand was repeatedly recognized to be beneficial – we were speaking to many of Norway's largest organizations. But even more often, investing in people and developing the competency of resources was considered instrumental.

The best organizations told us they are systematically assessing their resources, identifying gaps vs. current and future roles and jointly agree a learning path to support their career development.

The career path of resources was also coordinated from a company-wide perspective: resources from procurement would step into other business functions to potentially return with broader expertise later in their career (and vice versa).

We also heard from several organizations that they were relying on the classical 70-20-10 model when planning the learning and development activities of their resources.

The model is built on the observation that people acquire the majority of skills on-the-job, from hands-on experience, ideally in challenging assignments,

70%

while learning from peers and mentors, including feedbacks is important to reflect and connect the dots,

20%

with only ca. 10% of skills being acquired in formal trainings and classroom courses.

10%

Not to be underestimated, finally, were the softer factors: CPOs repeatedly told us that a personal, trusted and meaningful work environment was considered to be really important, in a credible corporate culture supporting the “right” values including diversity, inclusion and work-life balance.



People are a key pillar in our new procurement strategy – engagement, competency, diversity and inclusion are key principles

Kris Moors, Yara

And here our survey circles back to the overarching theme: Building capabilities in unsettling times. With the broader range of responsibilities that Procurement today is responsible for and the challenging environment persisting, building these additional qualities is depending on the people in Norway’s procurement teams. We are glad that we share this insight with Norway’s CPOs.

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