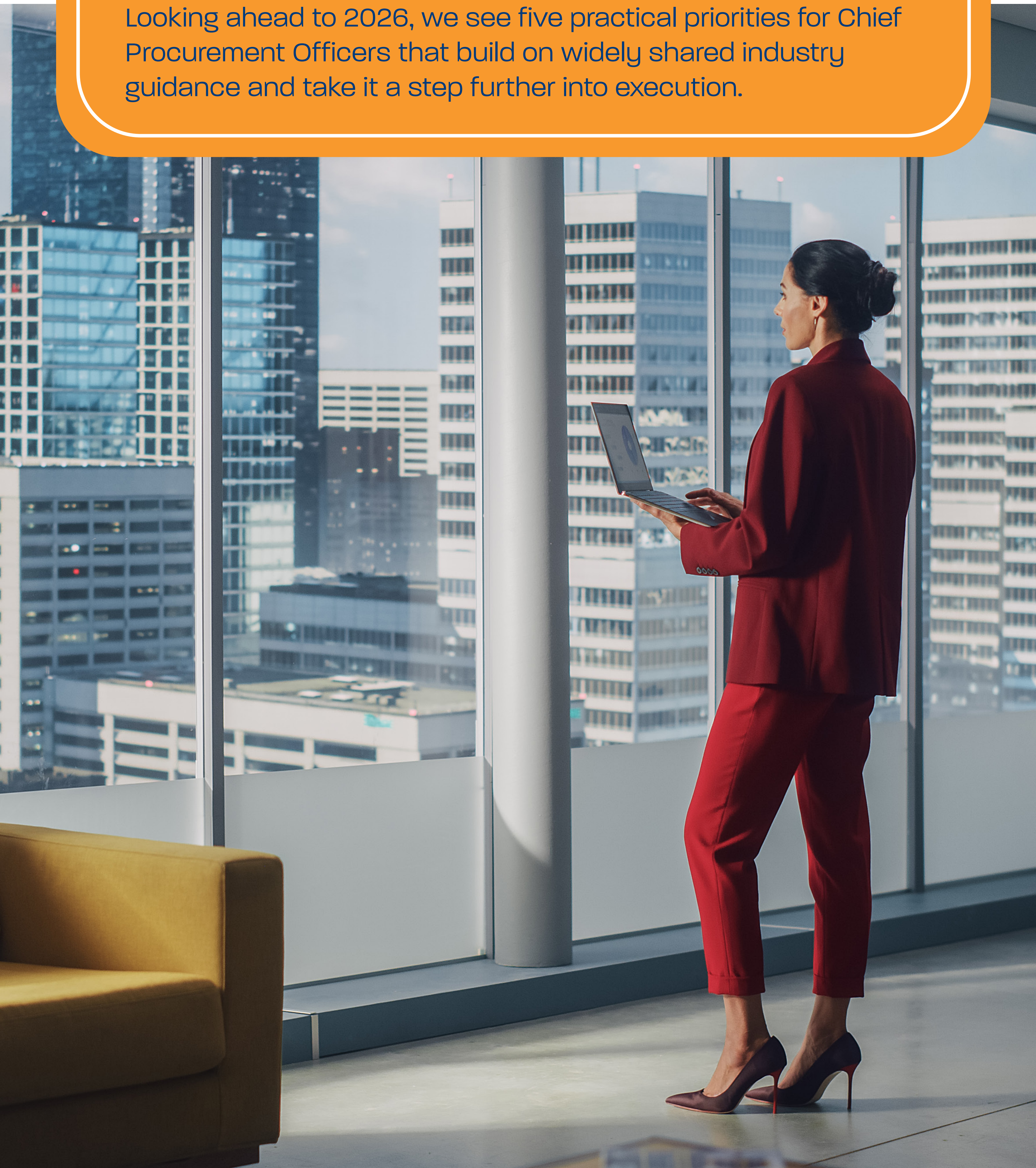
Cost. Confidence. Control.
The ERA Leadership Series - CPO Edition

Five Procurement Priorities for 2026: From Cost Visibility to Cost Intelligence

value through insight™

Procurement's remit keeps expanding: protect margin, derisk supply, move faster, and deliver measurable sustainability-while AI, tariffs and tighter capital keep rewriting the rules. Looking ahead to 2026, we see five practical priorities for Chief Procurement Officers that build on widely shared industry guidance and take it a step further into execution.



1) Re-architect the operating model around value (not just categories)

By 2026, the winners will treat procurement as a value engine-with clear ownership for cash release, risk, and innovation. Redesign the model at three levels:

- Portfolio & mandate: define what spend is centrally influenced vs. locally led; be explicit on value creation levers (cash, cost avoidance, time-to-serve, risk). EY highlighted the importance of aligning the operating model to strategy-this remains foundational. EY
- Ways of working: stand up cross-functional teams (Procurement, Finance, Ops, IT, Sustainability) for top 5–8 enterprise categories; give them quarterly value targets.
- Enablement: standardize intake → data → decision → action → benefit-tracking as one pipeline.

ERA Group is helping clients wire this into a single rhythm through our opportunity assessments (for data classification, leakage detection and opportunity sizing) providing board-level visibility.

2) Turn GenAI from pilots into decisions that move cash

Most boards now expect procurement to use GenAI; CEOs also feel urgency to act, even as many struggle with strategy and adoption. (EY reported 70% of CEOs believe they must act immediately on GenAI, while 68% find strategy challenging.EY)

In 2026, shift from scattered experiments to embedded decisioning:

- Data foundation: consolidate AP, P-card, contract and supplier data-clean, classify, and map to action types (renegotiate, re-spec, re-source, retire demand).
- GenAI copilots: use copilots for drafting sourcing strategies, should-costs, supplier RFx language, and contract clauses-always with human review.
- Guardrails: codify your risk, DE&I and sustainability constraints so AI suggestions respect policy.

SpendVue™ + our category playbooks surface "next-best actions" by supplier/category (e.g., price-volume misalignments, freight lane consolidation, MRO duplication) and translate them into concrete interventions your teams can execute.

3) Level-up supplier relationships to outcome-based partnerships

2026 will reward CPOs who shift key suppliers from transactional management to co-created outcomes-innovation, resilience and speed.

- Where to apply: facility services, logistics, energy, packaging, IT services-areas where innovation and service levels drive real value.
- How to run it: agree joint KPIs (OTIF, CO_2-per-unit, total-landed-cost, defect ppm), create a shared savings formula, and hold quarterly "design reviews" not just QBRs.

ERA Group brings neutral category expertise and benchmark data to structure these partnerships, then measure realized value in the same dashboard that tracks cost and impact.

4) Make sustainable procurement measurable and CFO-credible

Sustainability is now a commercial issue: customers, regulators and lenders care, and procurement controls much of Scope 3.

- **Embed in specs:** switch from "lowest price" to "total value" (CO_2-intensity, recyclate %, energy profile, take-back schemes).
- **Two-speed playbook:** quick wins (alternate materials, route optimization, supplier tiering) alongside multi-year changes (packaging redesign, supplier development).
- **One ledger:** track carbon, risk and cash on the same scorecard to make trade-offs explicit.

Our Sustainable Procurement program ties category changes to CO_2 impact and cash release, so you can fund decarbonization with savings-not just OPEX.

5) Balance resilience with margin: design optionality into the supply base

Resilience isn't new-but the how is. ERA's guidance to balance security of supply with cost and cash remains essential, especially amid shifting tariffs and lead times.

- Designed optionality: dual/triple-source critical items, qualify alternates, and pre-negotiate surge capacity; map sub-tiers where feasible.
- Bimodal operations: keep a "steady-state" route for cost efficiency and an "agile route" you can activate when risk indicators flash.
- Cash-first execution: prioritize actions that protect both service and EBITDA (working-capital terms, inventory rightsizing, logistics re-routing).

What good looks like by Q4 2026

- >90% of addressable spend is clean-classified and decisionable (single data model across AP, contracts, supplier master).
- Quarterly value cadence shows validated savings, cash and CO_2 impacts-visible to Finance and the board.
- Top 10 categories have outcome-based supplier agreements with shared KPIs
- Playbooks operationalized: GenAI copilots in daily sourcing and contracting workflows with policy guardrails.

Why ERA Group

We turn cost visibility into cost intelligence: a single pipeline from insight → action → verified benefit.

Our consultants embed with your teams, our data platforms surface where to move next, and our commercial models align to outcomes.

Want a rapid view of where margin and resilience are hiding in your spend?

Book an Opportunity Assessment and get an action plan in place.

Scan the QR code to find out more.

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