



Helping Organizations Worldwide Work  
Smarter, Faster, and With Greater Confidence

# **2023 SUPPLY CHAIN PRIORITIES AND CHALLENGES**

Survey Report

# ABOUT THIS RESEARCH



APQC concluded its ninth annual Supply Chain Management Priorities and Challenges research in early 2023.

The purpose of this research is to learn about organizations' supply chain management priorities, performance, and trends.



This research focuses on:

- / How well supply chains have performed considering the global pandemic and multiple disruptions
- / Trends impacting supply chain
- / Obstacles to improving supply chain processes
- / Organizational priorities for supply chain in 2023



**347**

Valid Global Participants

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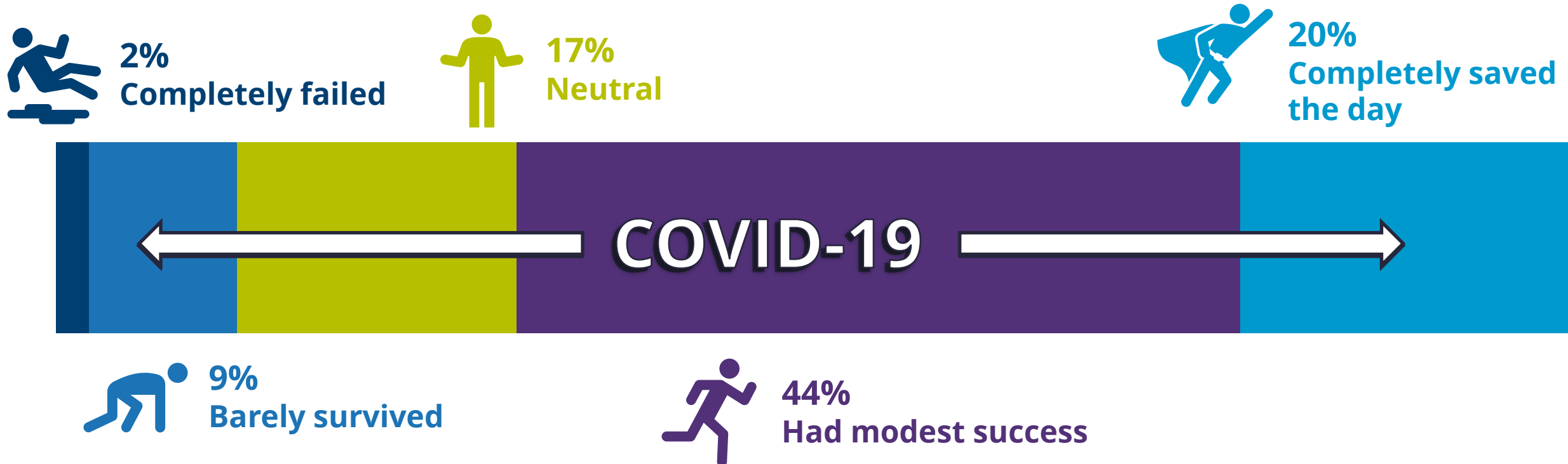
[Participant Demographics](#)



# **A LOOK BACK AT 2022**

# EVALUATING SUPPLY CHAIN RESPONSE TO COVID-19 (YEAR 3!)

In 2022, supply chains continued to adapt and respond to pandemic-driven disruptions. Many showed their resilience, and almost 2/3 rated themselves successful to some extent. One in 5 reported completely saving the day. However, the percentage that barely survived or failed (11 percent) almost doubled from the prior year.



*\*9% of respondents' supply chains were not significantly impacted by COVID-19*

# PERFORMANCE ON 2022 BUSINESS GOALS



**53%** on target/achieved/exceeded **all business goals** for 2022



**34%** on target /exceeded **competitors'/ peers'** performance

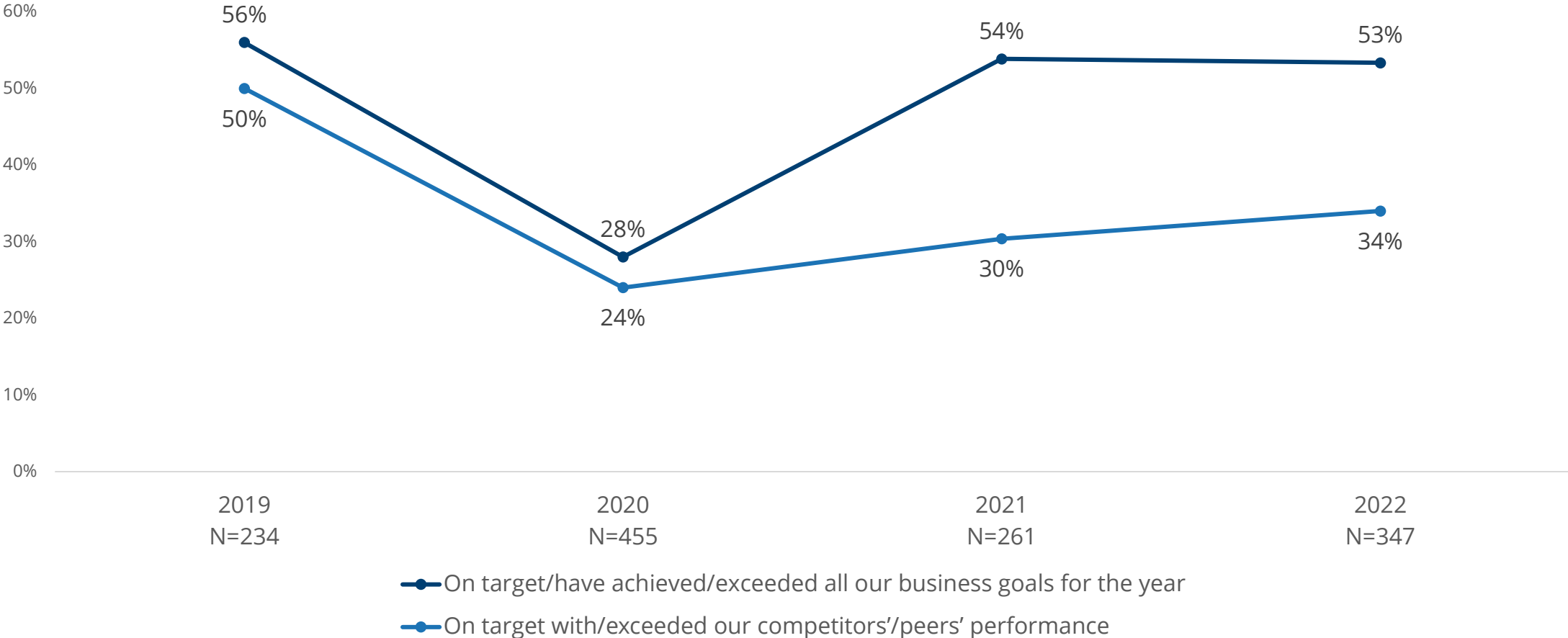
## Were supply chains successful in 2022?

Although almost 80 percent reported surviving 2022, surviving doesn't mean thriving. Almost half (47 percent) of respondents missed the target for their business goals in 2022.

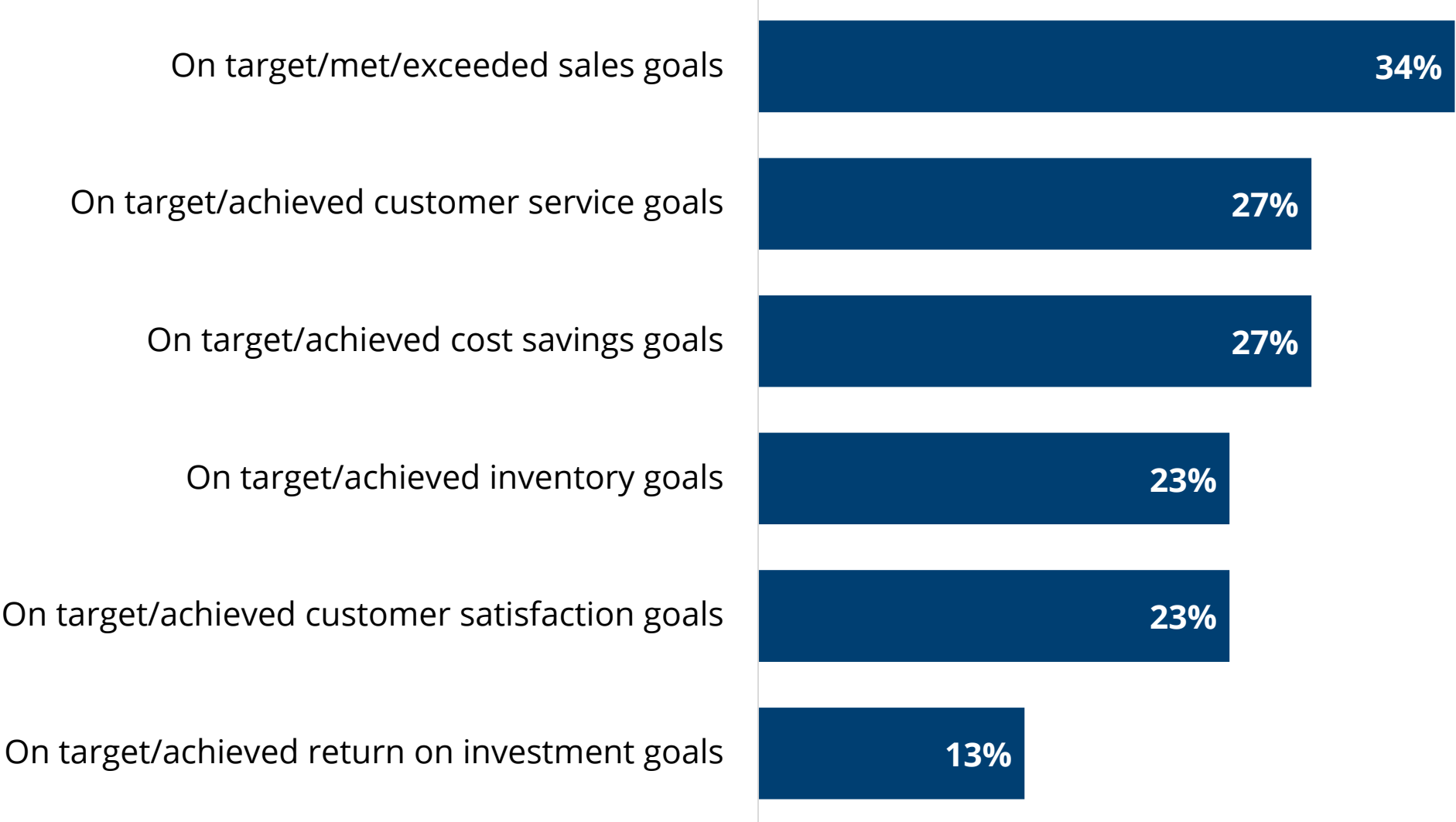
This performance is similar to what we saw in 2021. The many different disruptions facing supply chains, including the multi-year pandemic-induced disruptions as well as labor and geopolitical challenges, continue to take their toll.

# PERFORMANCE ON BUSINESS GOALS OVER TIME

Looking at the percentage of respondents that achieved their annual business goals, the level of performance is stabilizing as supply chains adapt to the challenges facing them and strive to return to pre-pandemic performance levels. However, having only slightly more than half achieve their goals is not encouraging. In 2023, we anticipate organizations continuing to try to catch up to their peers as they seek new ways to meet their goals as they face new and different challenges.



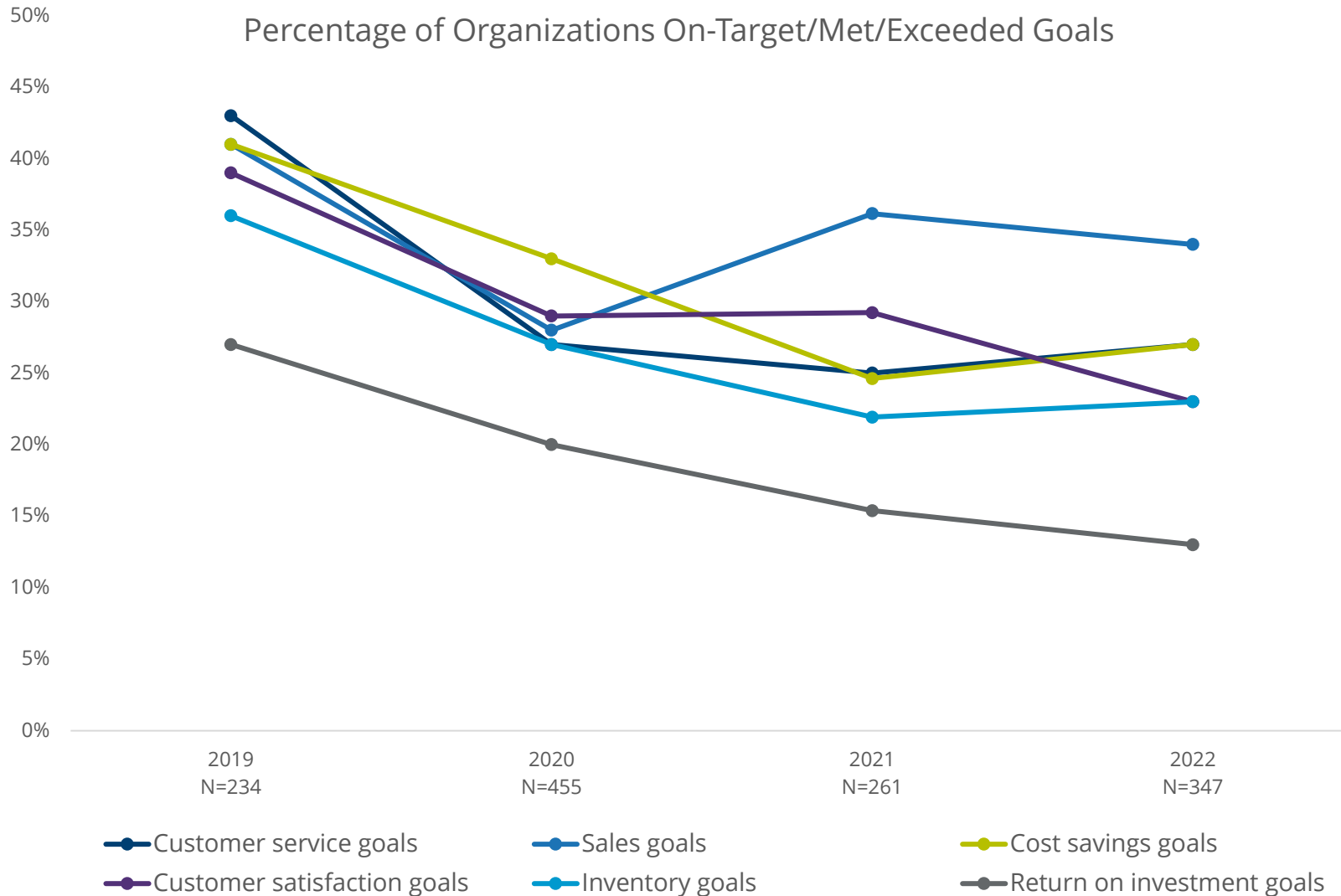
# PERFORMANCE ON SPECIFIC 2022 GOALS





# ACHIEVING SPECIFIC GOALS YEAR OVER YEAR

Percentage of Organizations On-Target/Met/Exceeded Goals



In 2019, prior to the onset of the COVID-19 pandemic, supply chain organizations struggled to achieve their goals. However, they did better that year than in any subsequent year.

Interestingly, in 2022 organizations reported better performance in terms of cost savings goals but fewer met or exceeded their customer service targets. This internal focus on saving money while not satisfying customers is worrisome for longer-term success.

To turn this around, 2023 needs to be a year of focusing on increased transparency with a customer focus as well as increasing resilience in our supply chains.

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## **2023 CHANGES AND CHALLENGES**

# TOP 6 TRENDS ANTICIPATED TO IMPACT SUPPLY CHAINS BY 2026

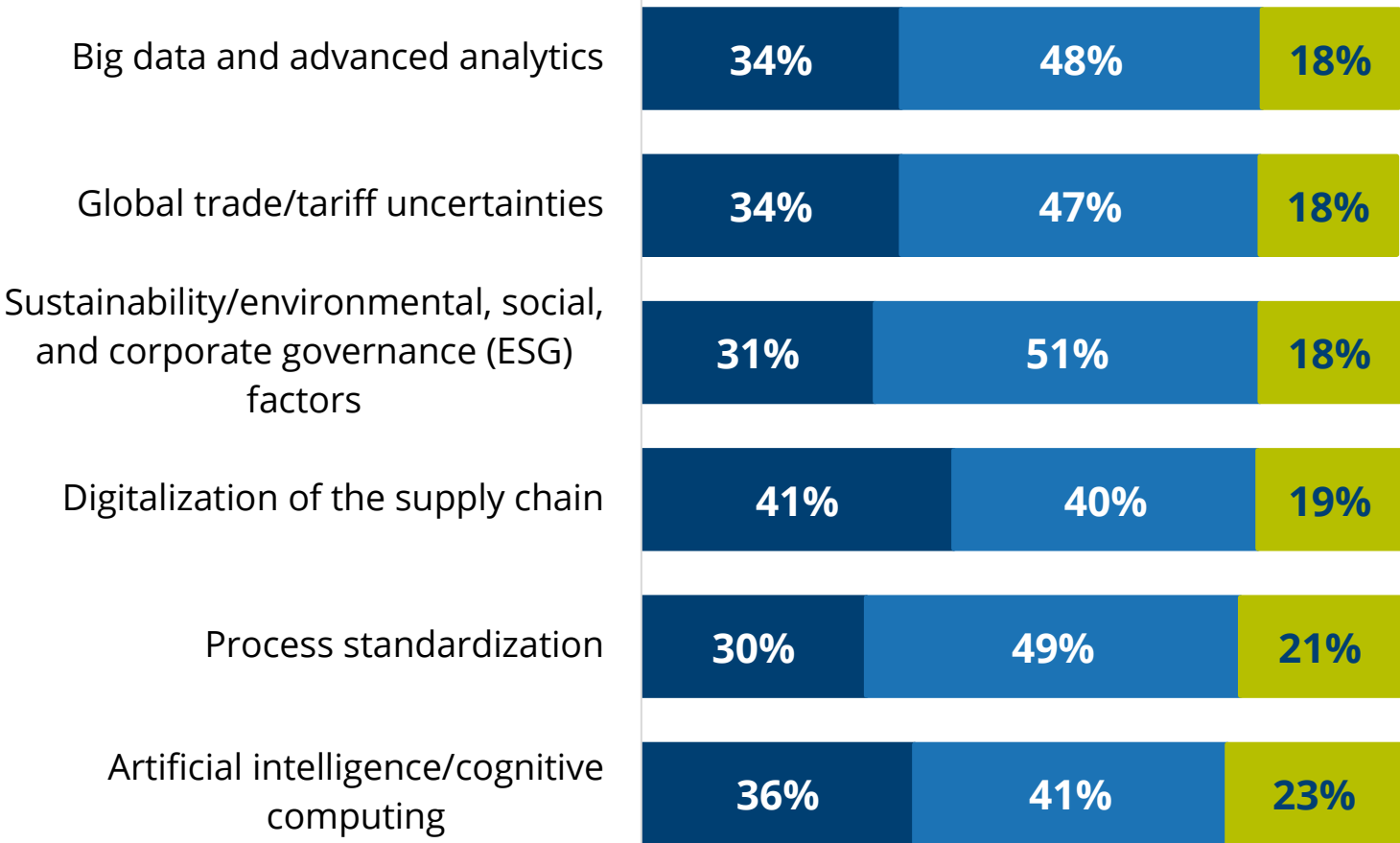
Supply chains are in the spotlight for 2023 and will likely remain so for the foreseeable future.

The top three biggest impacts respondents anticipate over the next three years are from big data and analytics, global trade/tariff uncertainties, and sustainability.

As the volume of data that supply chain professionals are facing continues to increase, emerging technologies for analytics can enable organizations to make faster and ideally, better, decisions.

Global trade/tariff uncertainties rose on the list this year, reflecting the recognition of increased challenges facing global supply chains.

Sustainability moved up the list from 2022, reflecting organization's renewed focuses on the impact of environmental and social issues on supply chains.



Major impact Moderate impact Minor/No impact

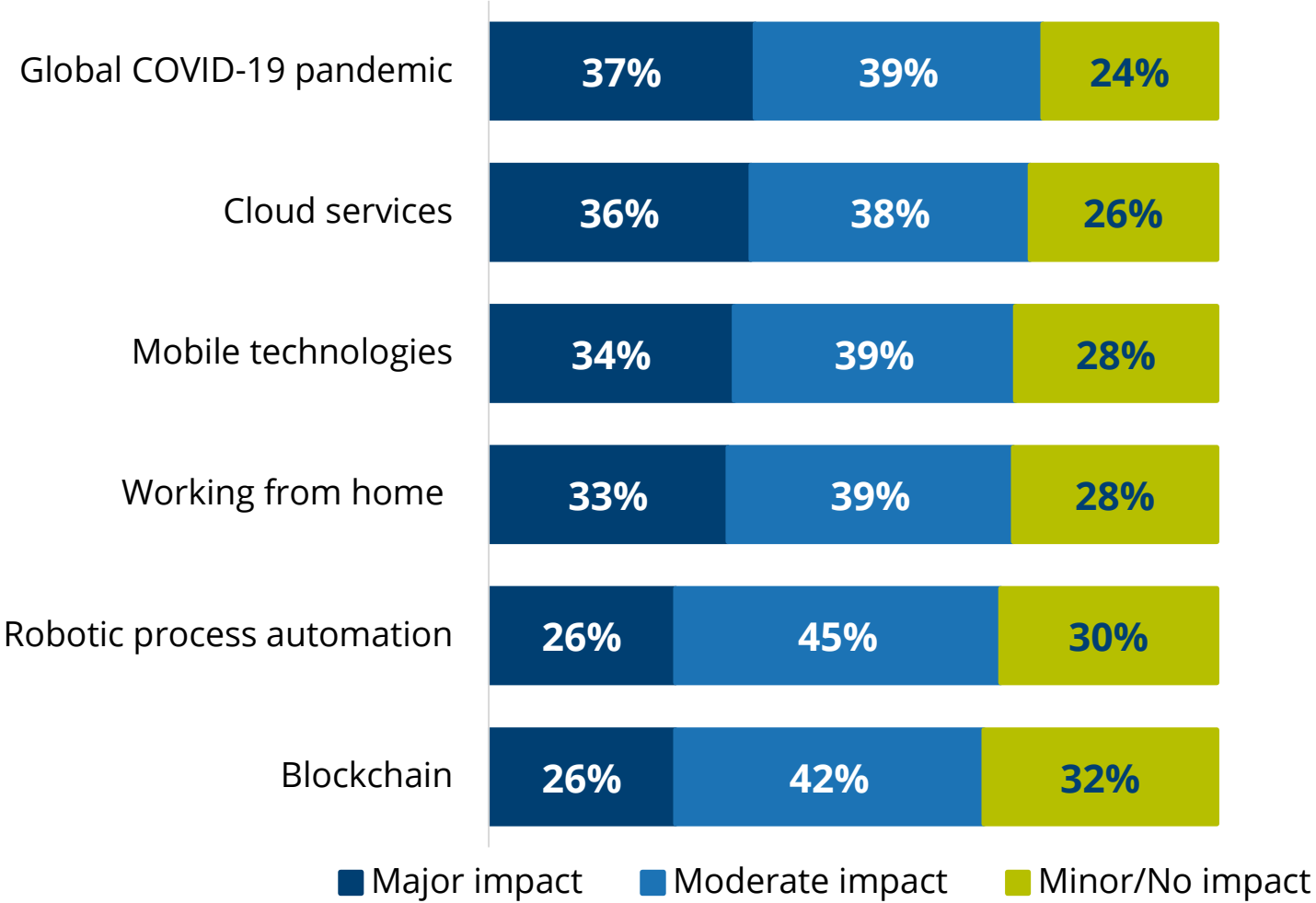
*Trends are listed in order by Major + Moderate impact*

# ADDITIONAL TRENDS ANTICIPATED TO IMPACT SUPPLY CHAINS BY 2026

Numerous additional trends are anticipated to impact supply chains over the next three years.

For example, the ongoing COVID-19 pandemic, renamed by some as “endemic” due to its continued presence, will continue to impact supply chains in unpredictable ways.

As technology continues to evolve, supply chains will also. Greater automation has enabled remote work in some supply chain roles. And organizations are still figuring out what the longer-term implications are for increased working from home across the supply chain.



Trends are listed in order by Major + Moderate impact

# OBSTACLES TO IMPROVING SUPPLY CHAIN PROCESSES



The top obstacle to improving supply chain processes in 2023 is *staffing shortages*.

Supply chains are not alone when it comes to as dealing with labor concerns like vacant positions in 2023. However, given the business-critical role that supply chain plays in getting products and services to the customer, addressing this obstacle needs to be an organizational priority.

Lack of collaboration, last year's top barrier, remains near the top of the list because it can be toxic in a supply chain context. Disconnects in the supply chain can lead to ripple effects that impact customers and their ability to receive orders on time, in full, damage-free, and with accurate documentation.

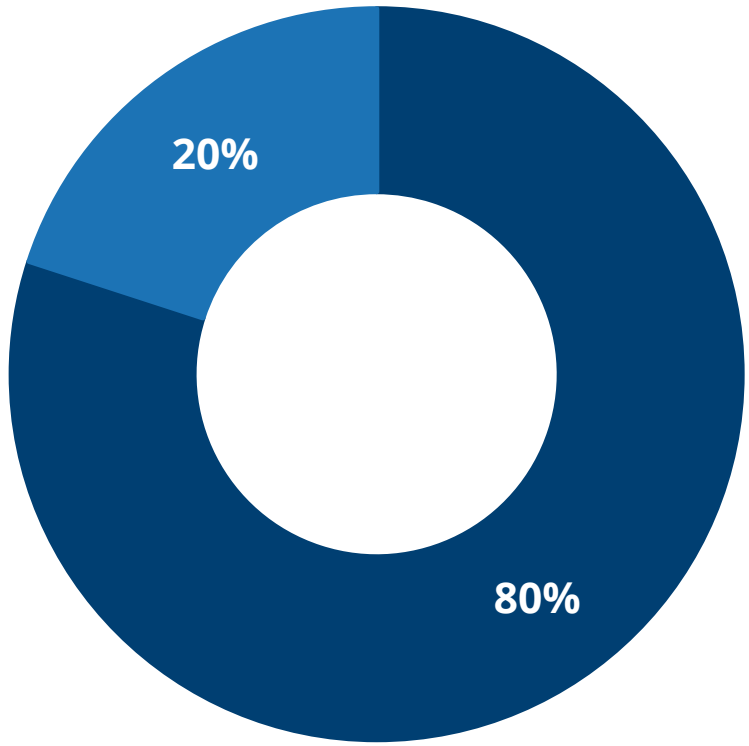
# OVERCOMING OBSTACLES

Eighty percent of respondents across industries report they have modified their supply chain strategy to help head off current challenges.

Flexibility in the face of challenges is vital to success during chaos.

For some industries, like industrial products, the events of 2022 forced as many as 95 percent to make modifications to their supply chain strategies. For others, like electronics organizations, only 71 percent modified their strategies.

**Have you evaluated/modified your supply chain strategy to help head off the obstacles your organization is facing?**



■ Yes    ■ No

# SUPPLY CHAIN BUDGET TREND

When it comes to budgets for supply chain management tools, technology, innovation, and initiatives, we see a shift toward a larger percentage of organizations holding the investment constant compared to last year. Although 50 percent of respondents anticipate an increase in their budget for supply chain, another 41 percent expect that investment to stay the same. These percentages reflect a 16 percent shift in organizations compared to last year when only 25 percent expected the status quo and 66 percent anticipated an increase in funding.

 **9%**  
Decrease

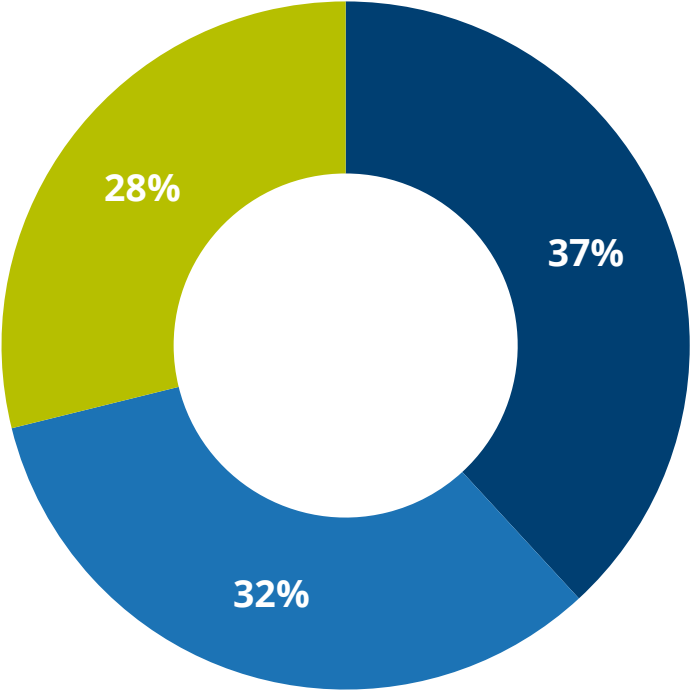
 **50%**  
Increase



 **41%**  
Stay the same

# DESIRED SUPPLY CHAIN OUTCOMES

Overall Outcome Focus for 2023



■ Increase service ■ Increase market share ■ Decrease costs

Please note: Respondents allocated 100 percent across these categories to indicate organizational focus on overall outcomes in supply chain for 2023. The chart represents mean values for each category.

APQC’s research shows supply chain leaders are still feeling pressure from multiple directions when it comes to achieving overall organizational outcomes.

For 2023, *increasing service* has taken the lead (37 percent) in terms of allocation of organizational focus over *increasing market share* (32 percent) and *decreasing costs* (28 percent).



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## **2023 PRIORITIES**

# 2023 OVERALL SUPPLY CHAIN AREAS OF FOCUS

Supply chain planning remains in the top spot as a priority for the coming year (selected by 86 percent of respondents). With the continued need to build resilience and flexibility, that's not a surprise. Sourcing and procurement is in second place at 75 percent, followed by Innovation at 73 percent. Logistics and inventory management rounds out the top four focus areas at 67 percent. Order management (61 percent) slightly edged out manufacturing (60 percent) as a focus for 2023, followed by product development at 57 percent.



**86%**  
**Supply Chain Planning**



**61%**  
**Order Management**



**75%**  
**Sourcing & Procurement**



**60%**  
**Manufacturing**



**73%**  
**Innovation**



**57%**  
**Product Development**



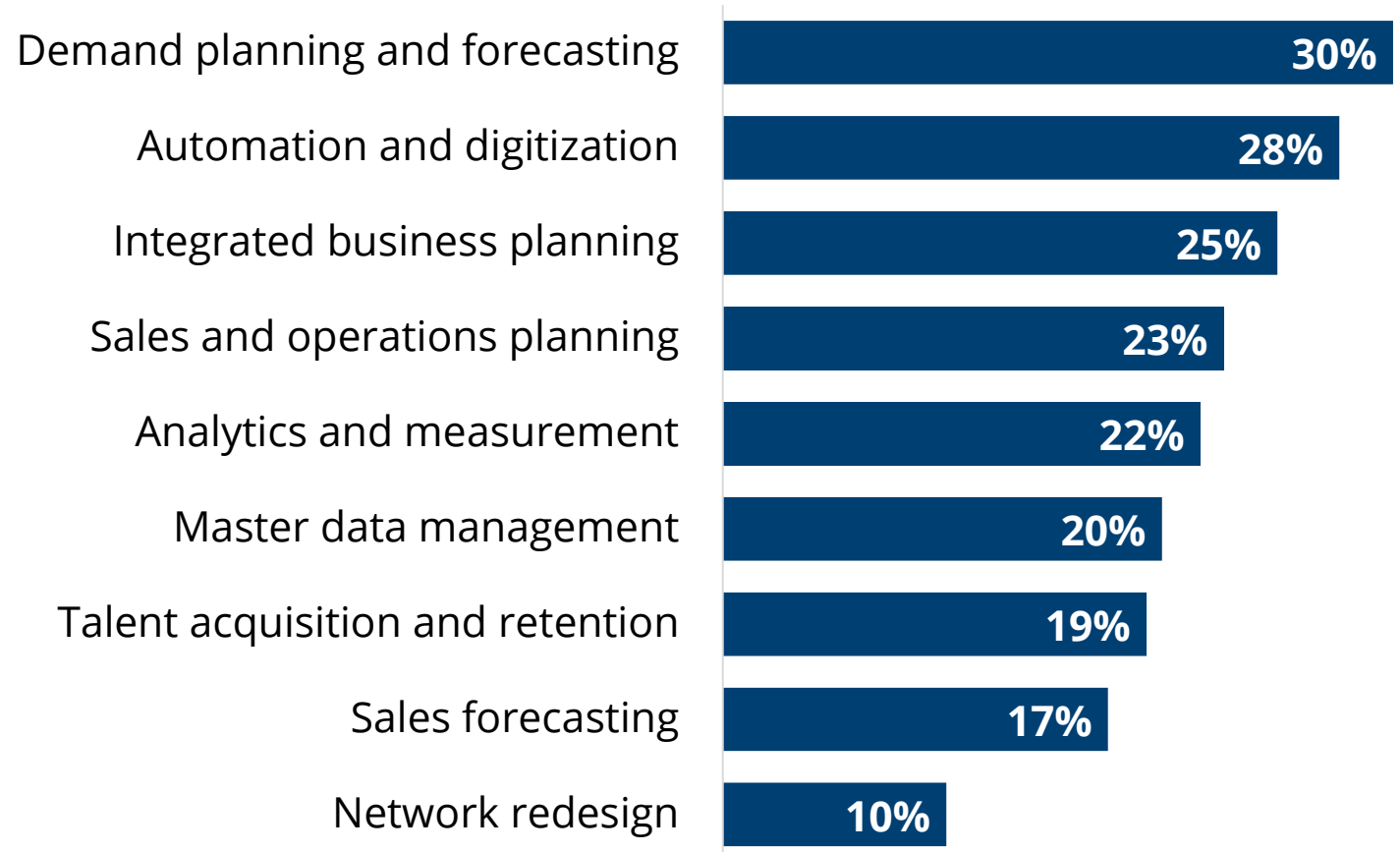
**67%**  
**Logistics & Inventory Management**

# TOP FOCUS AREAS IN SUPPLY CHAIN PLANNING

In supply chain planning, the number-one focus area is demand planning and forecasting (30 percent), followed by automation and digitization (28 percent).

Demand planning and forecasting are key to success in supply chain planning, especially in the face of continued disruptions.

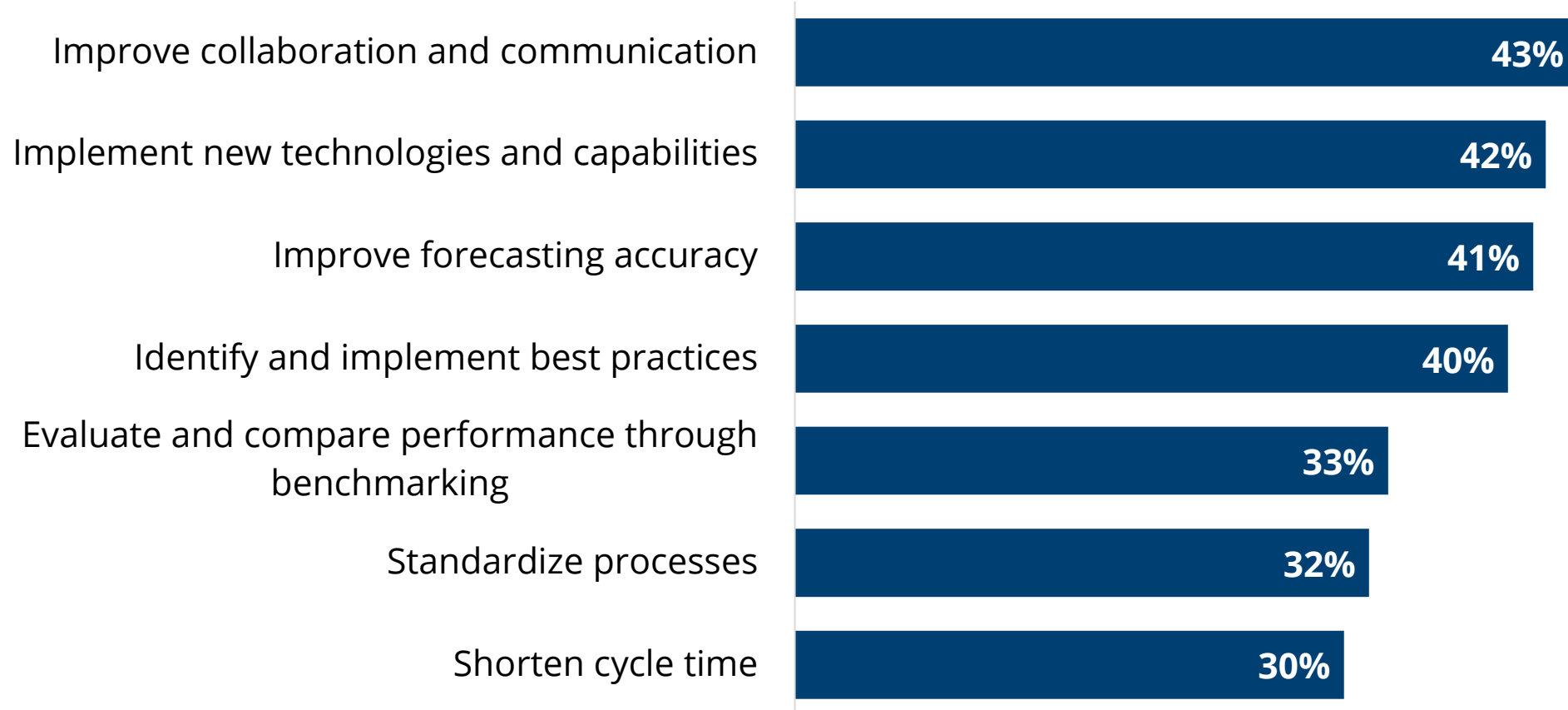
Automation and digitization can enable the organization to make faster decisions, leveraging larger quantities of data, while freeing up staff for more value-added activities.



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

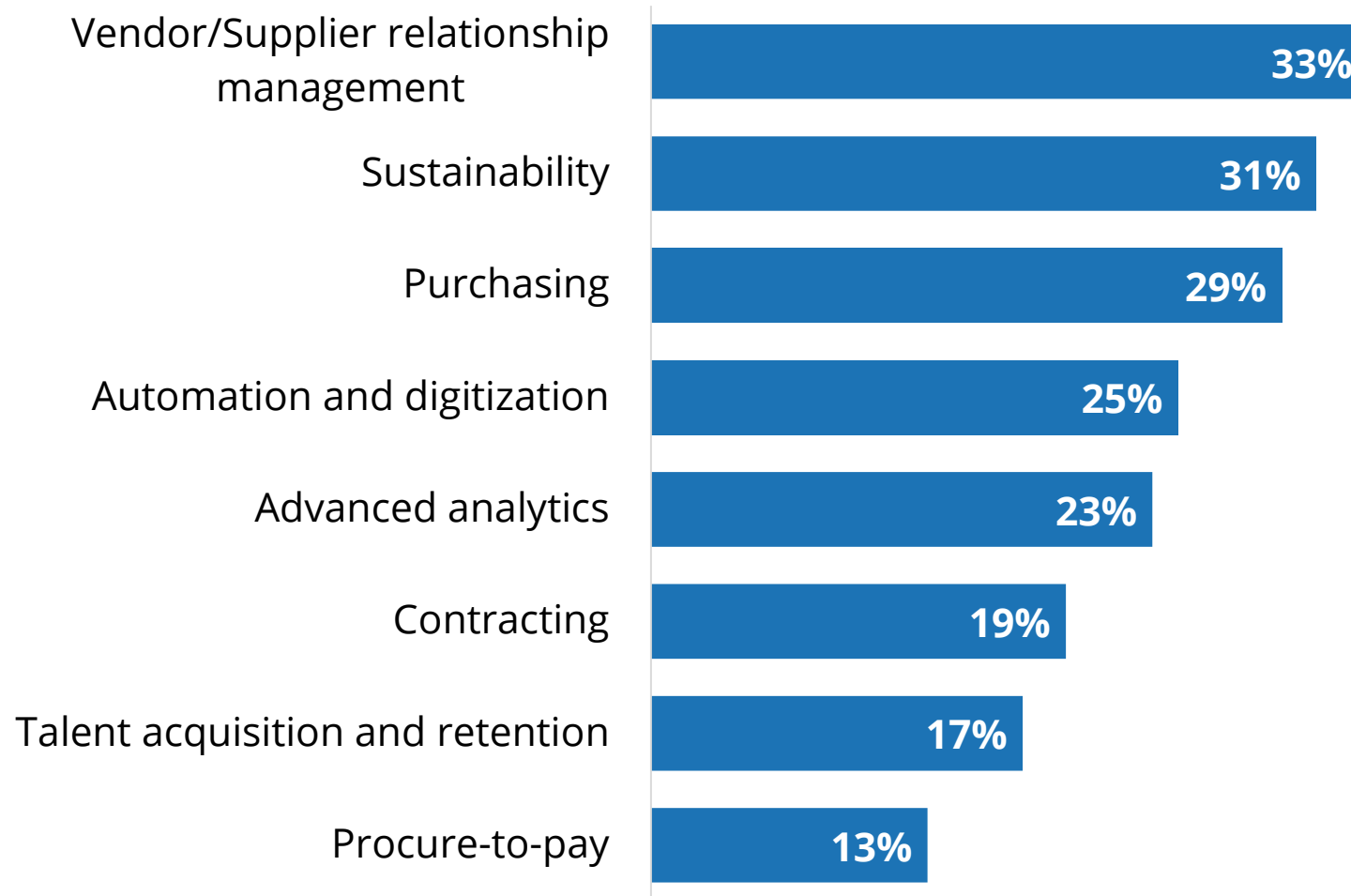
# 2023 PRIORITIES: SUPPLY CHAIN PLANNING

For 2023, improving collaboration and communication moved to the top of the list for actionable strategies in supply chain planning, reflecting the increased recognition of the need for enhanced cross-functional relationships and data sharing. Given the complexities of supply chain planning, it is not surprising that 42 percent of respondents plan to implement new technologies and capabilities.



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

# TOP FOCUS AREAS IN SOURCING AND PROCUREMENT



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

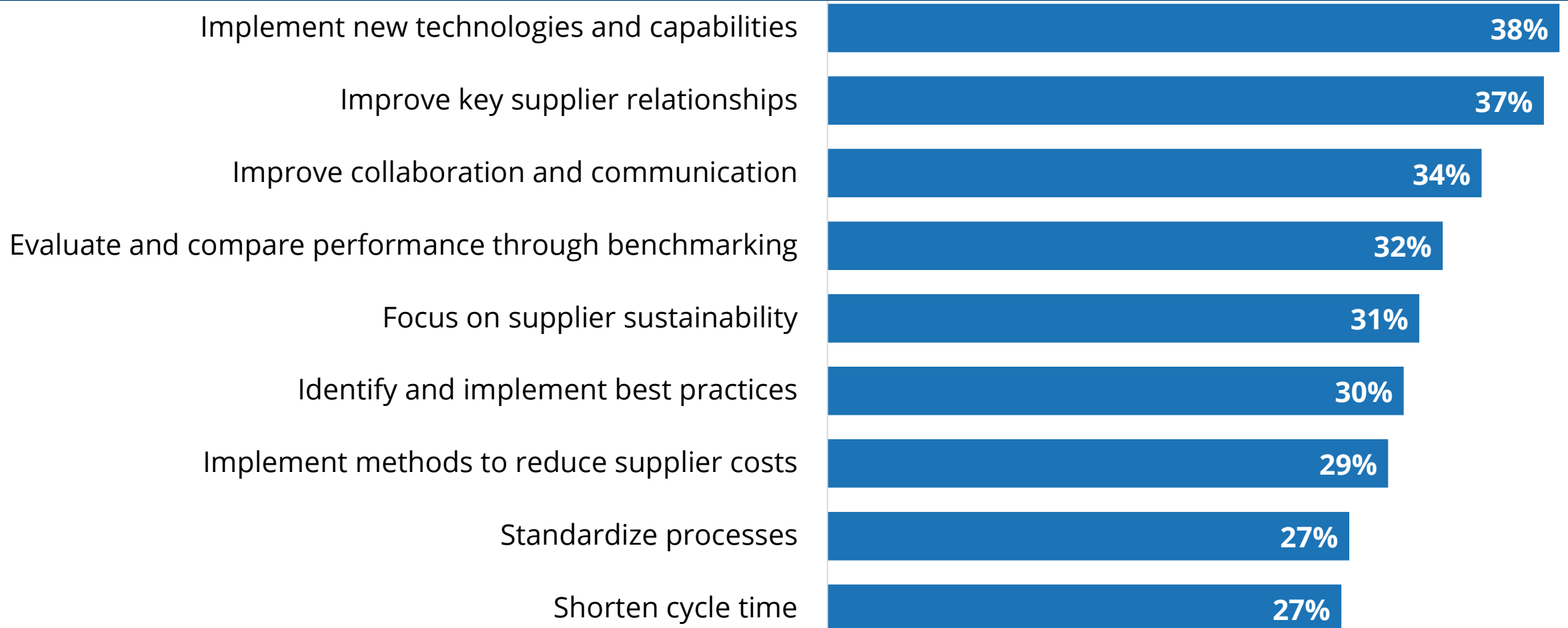
In sourcing and procurement, the top focus area for 2023 continues to be vendor/supplier relationship management or SRM (33 percent).

Multiple disruptions and ongoing challenges have made clear the connection between an organization's success and its suppliers' success. With this recognition, there is a greater interest in improving supplier relationship management.

At the same time, sustainability has moved up the list as a focus in procurement and sourcing. With increasing regulation, what was voluntary disclosure in the past is now required. Many businesses now must disclose and verify their suppliers' sustainability data or face the threat of financial penalties or disrupted shipments.

# 2023 PRIORITIES: SOURCING AND PROCUREMENT

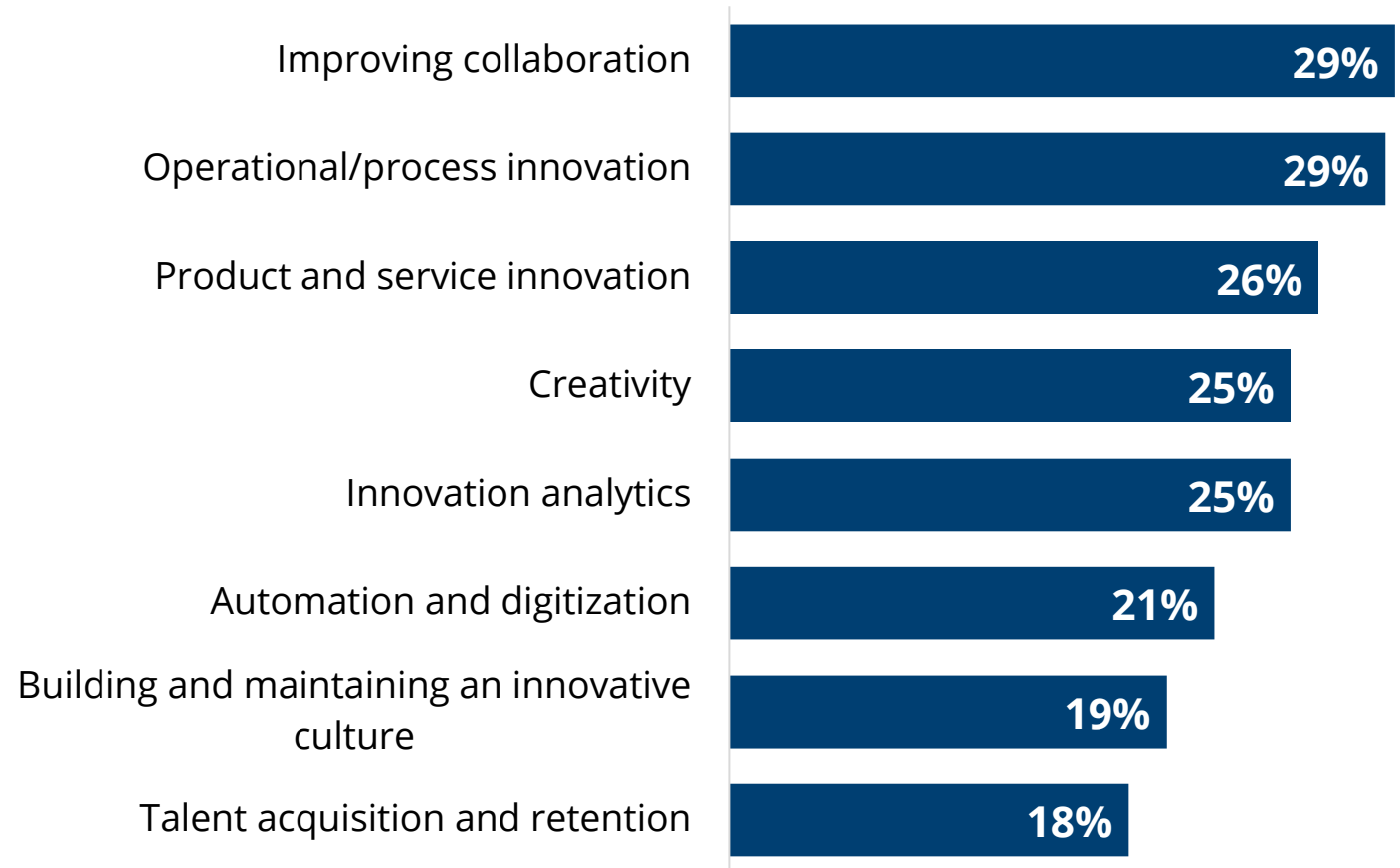
For sourcing and procurement, the top two actionable strategies in 2023 are tied to improving efficiency and effectiveness. Many organizations learned the hard way that headlines related to their suppliers can come back to them. Implementing new procurement and sourcing technologies and capabilities as well as building better relationships can enable stronger and more transparent supply chains.



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

# TOP FOCUS AREAS IN INNOVATION

Innovation is essential to survival in a fast-changing world. The top two priorities in this area, improving collaboration and operational/process innovation (29 percent), speak to the need organizations have to find better and different ways of working while building strong ecosystems across their value chains to better serve internal and external customers.



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

# 2023 PRIORITIES: INNOVATION

Adopting a structured approach to innovation (38 percent) moved up the list of priorities as respondents recognize the need to implement repeatable processes for finding new and novel solutions to the challenges facing supply chains. Thirty-seven percent of respondents are seeking to integrate innovation into organizational goals. This shift takes innovation from something “they” do to something that each employee feels accountability and ownership for putting into action.



*Note: The values in the graph displayed do not add up to 100 percent because it was a “select all that apply” question.*

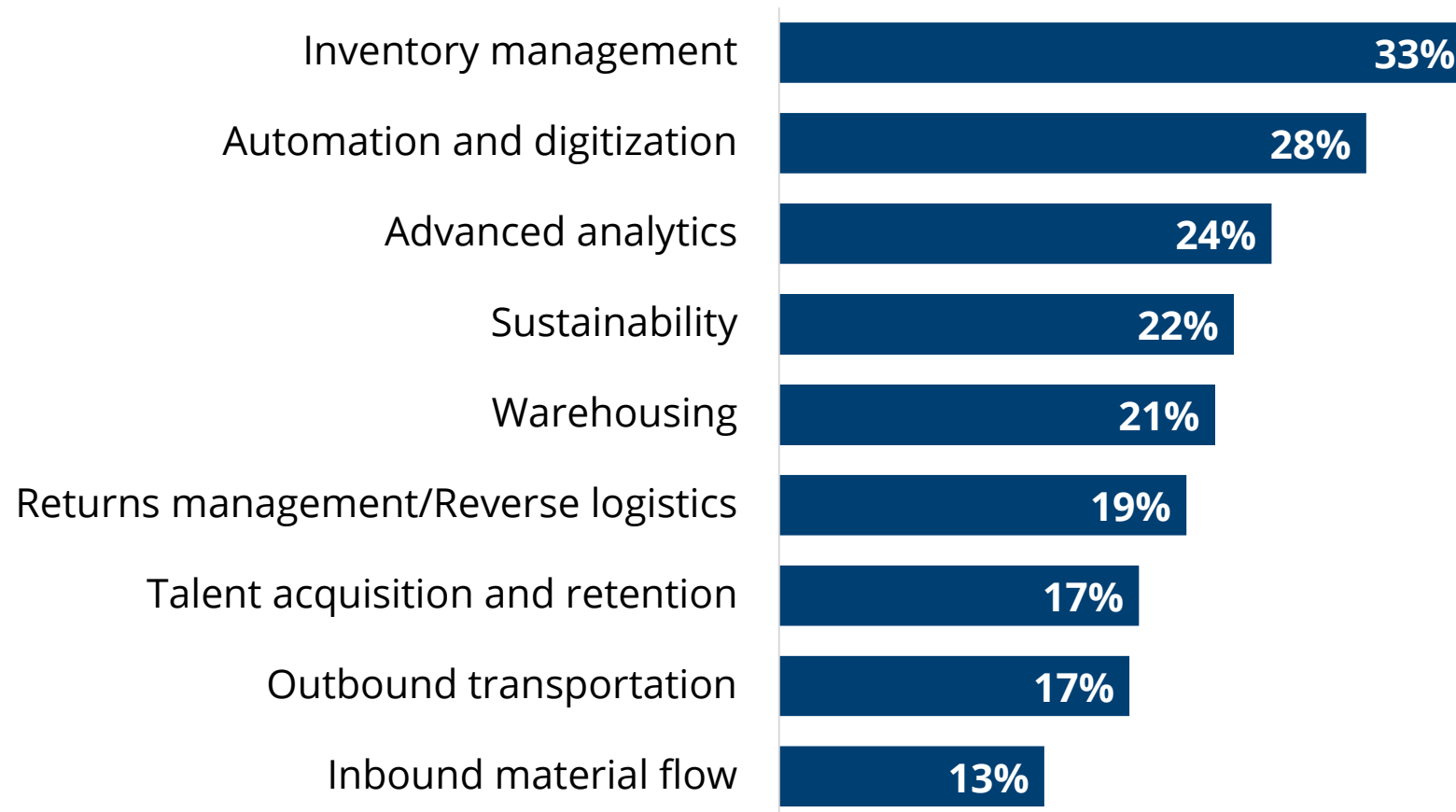


# TOP FOCUS AREAS IN LOGISTICS AND INVENTORY MANAGEMENT

In logistics, inventory management (33 percent) is the number-one focus area for respondents, echoing the past several years. Inventory management in 2023 will continue to be challenged by ongoing disruptions and forecasting difficulties.

Some industries started the year with a glut of inventory and no room to store it, while others are still dealing with shortages.

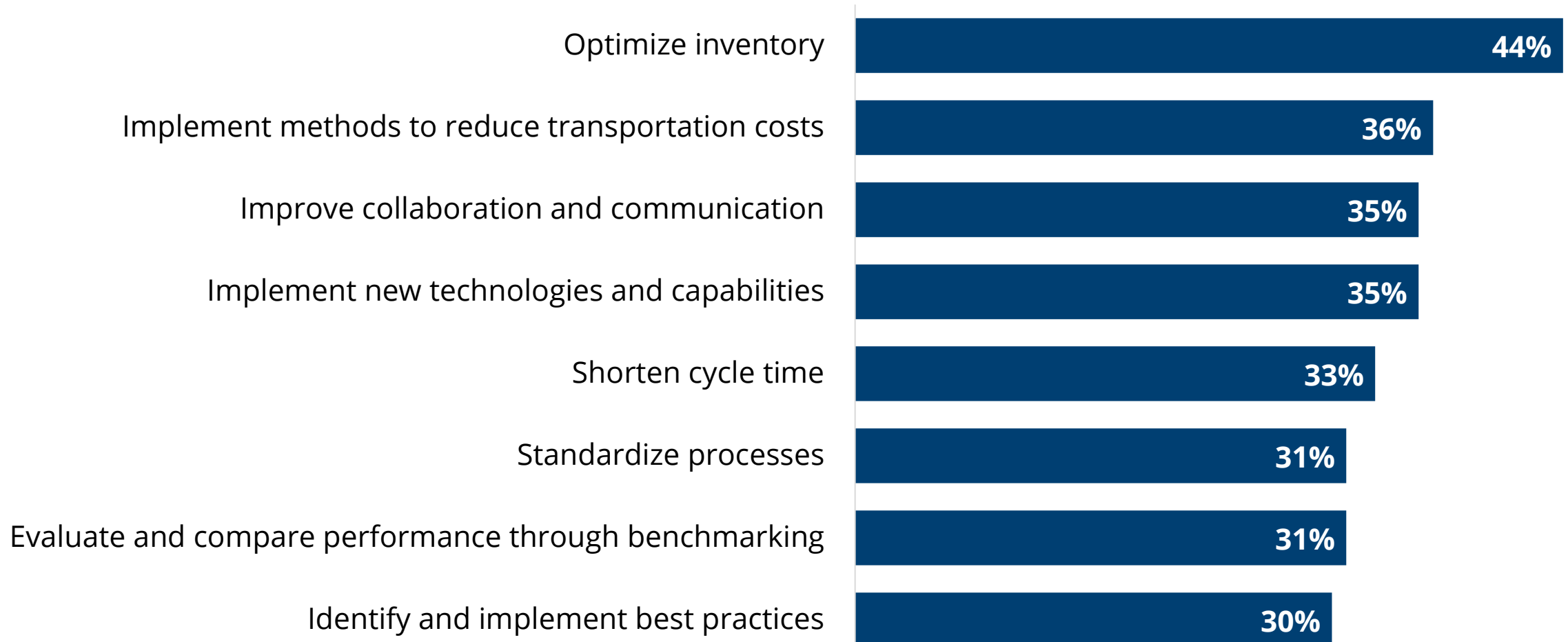
Automation and digitization (28 percent) can bring greater transparency and traceability to inventory all throughout the supply chain.



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

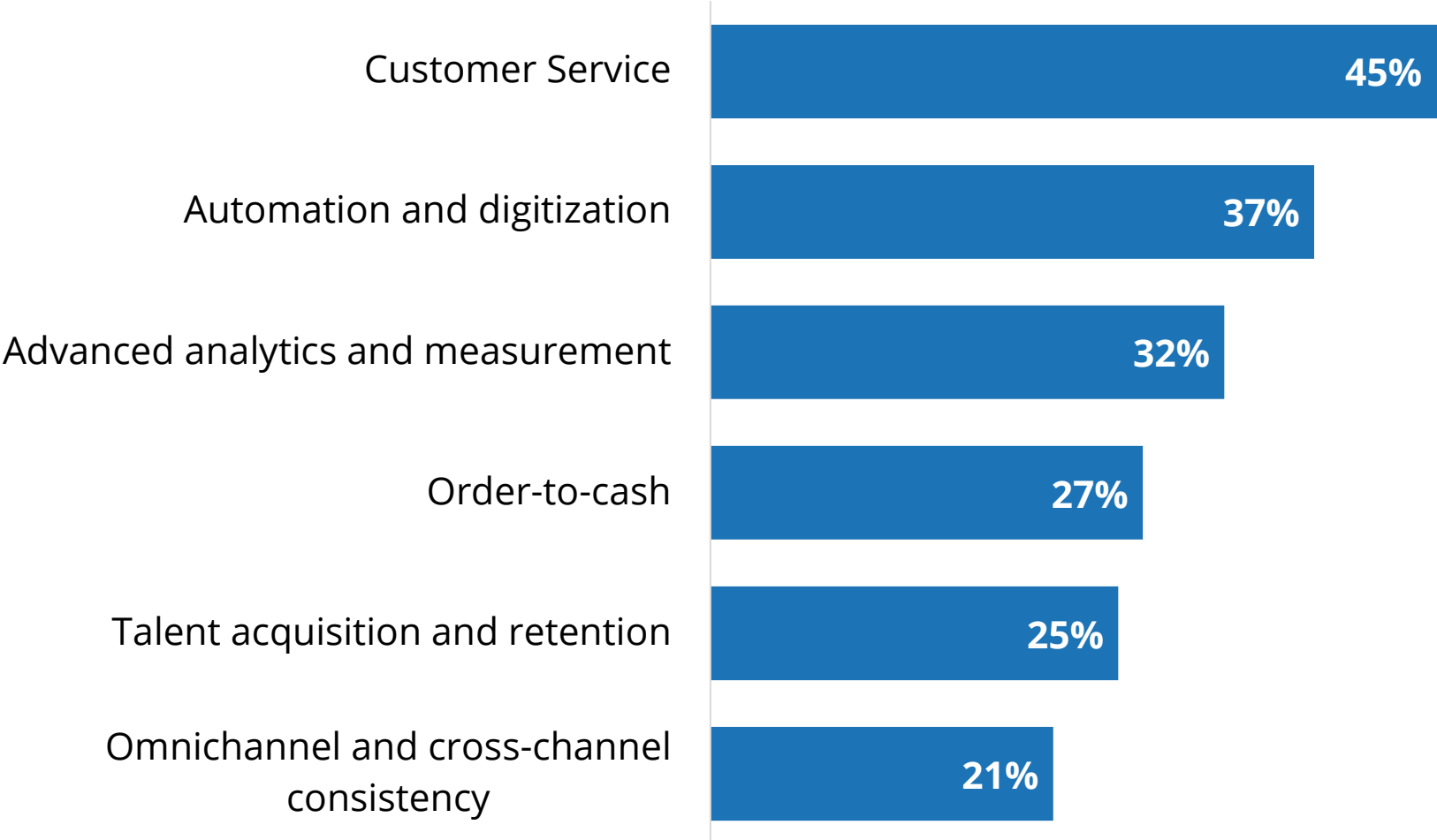
# 2023 PRIORITIES: LOGISTICS AND INVENTORY MANAGEMENT

More than 4 out of 10 respondents (44 percent) are prioritizing the need to optimize inventory this year. Thirty-six percent report that they are focusing on implementing methods to reduce transportation costs to maintain their logistics organization's performance in the face of ongoing challenges and inflationary pressures.



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

# TOP FOCUS AREAS IN ORDER MANAGEMENT



*Note: The values in the graph displayed do not add up to 100 percent because it was a “select all that apply” question.*

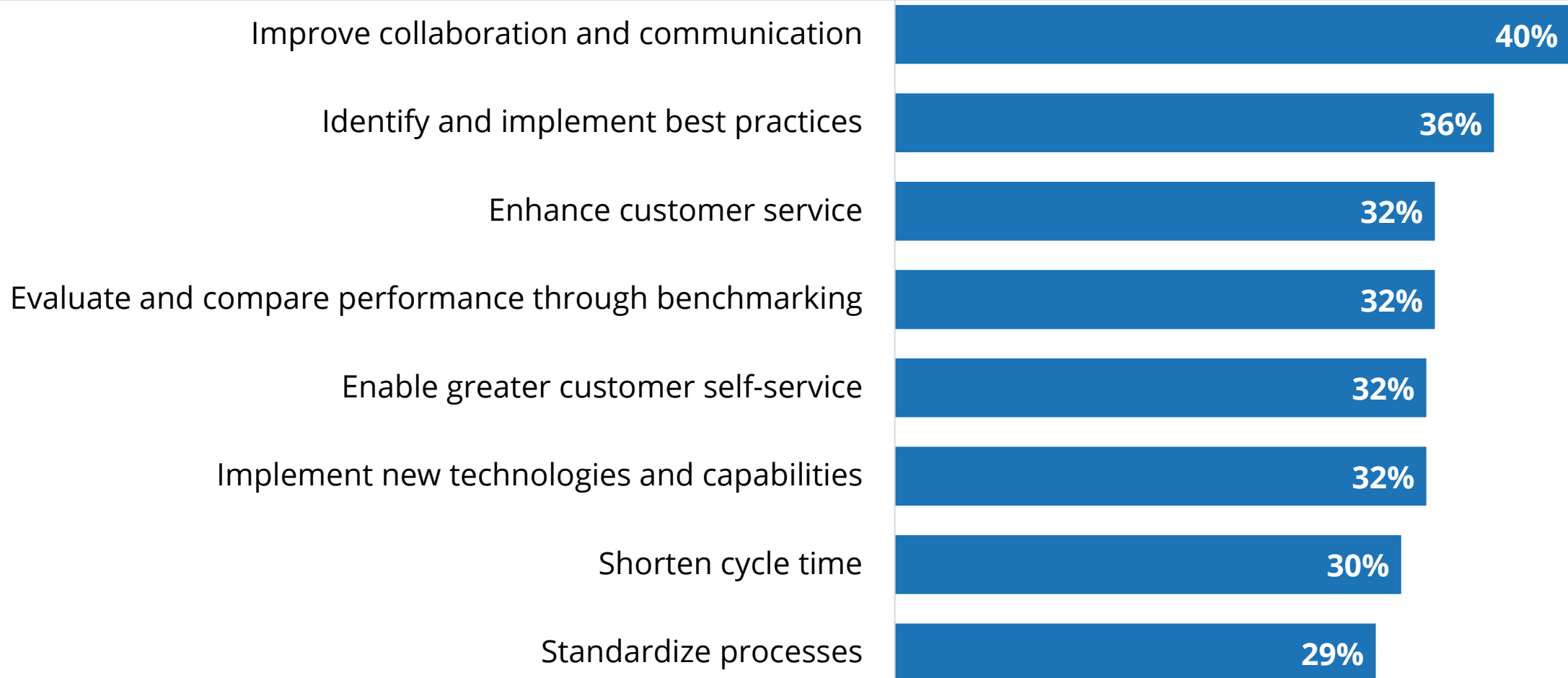
In order management, a focus on customer service moved to the top of the list for 2023. Customers are increasingly demanding greater transparency for their orders, pushing organizations to focus on them more and not only on internal costs and process improvement.

Improved automation and digitization, the top priority from 2022, can lead to faster order cycle times, fewer errors from manual interventions, and improved customer service.

Going digital in this area helps organizations respond faster in times of disruption by increasing transparency, supporting the prioritization of specific orders, and reducing reshipping and inventory problems.

# 2023 PRIORITIES: ORDER MANAGEMENT

The number one priority for order management in 2023, according to respondents, is to improve collaboration and communication (40 percent). This goal is echoed across other parts of the supply chain as well.



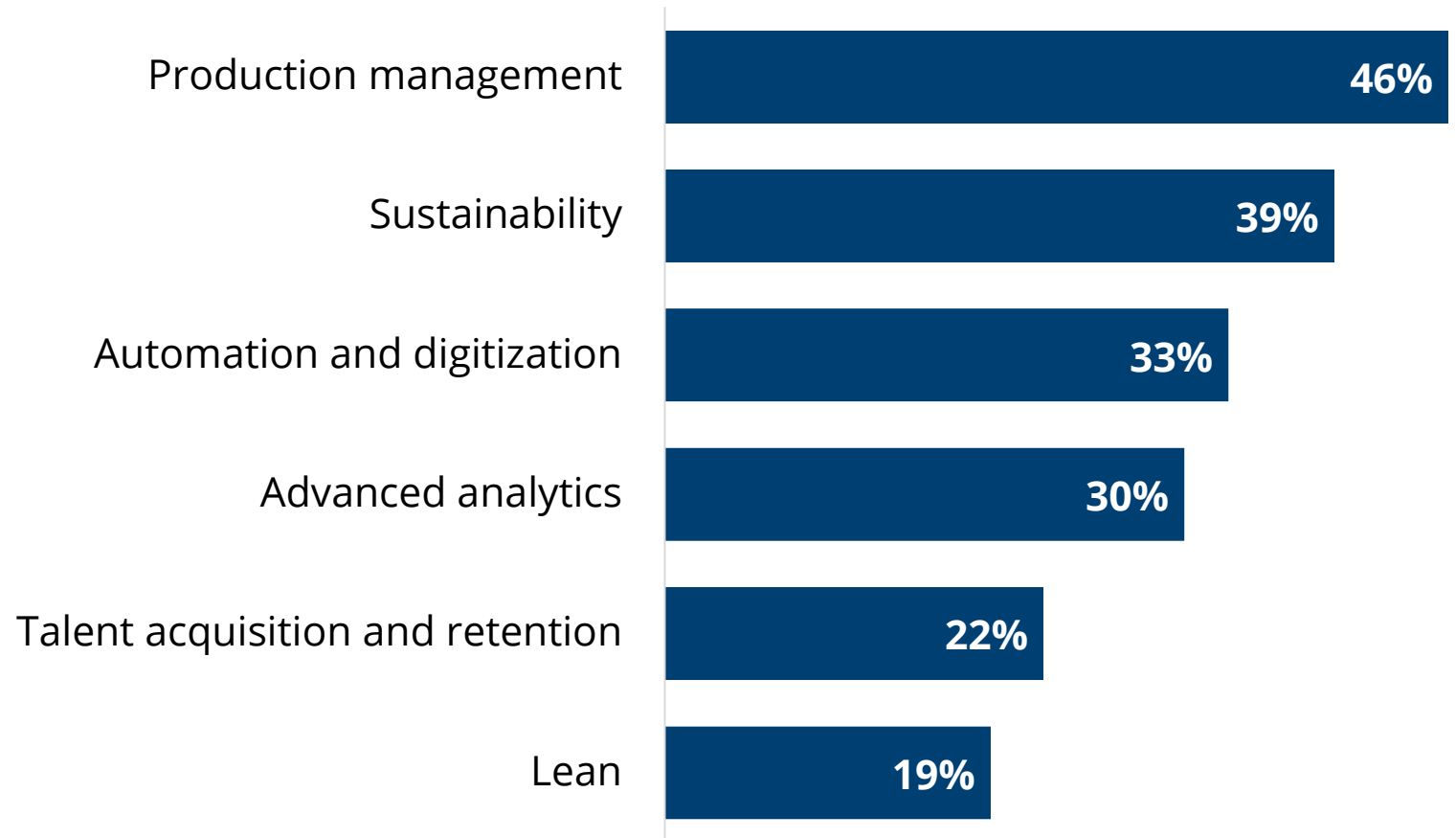
*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

# TOP FOCUS AREAS IN MANUFACTURING

For manufacturing, production management and sustainability moved ahead of automation and digitization as top focus areas for 2023.

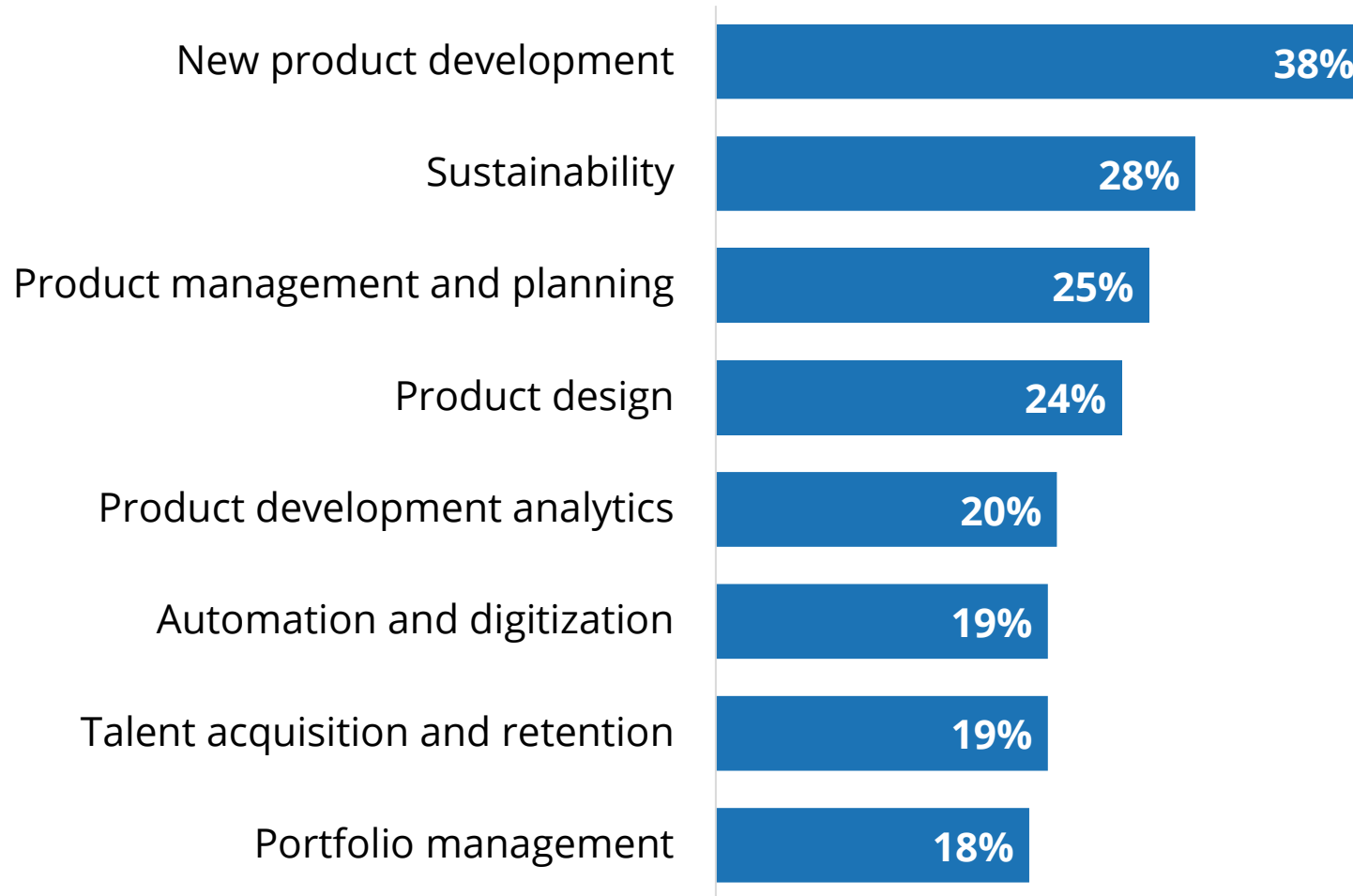
The focus on production management—which includes planning, coordination, control and decision-making regarding resources and outputs of the production process—should drive the successful implementation of the organization’s production strategy.

Sustainability as a focus is important in 2023 as new and pending regulations force organizations to shift from voluntary reporting into mandatory compliance to avoid penalties and fines.



*Note: The values in the graph displayed do not add up to 100 percent because it was a “select all that apply” question.*

# TOP FOCUS AREAS IN PRODUCT DEVELOPMENT



*Note: The values in the graph displayed do not add up to 100 percent because it was a "select all that apply" question.*

In Product Development, new product development and sustainability rank as the top two priority areas for 2023.

Organizations are focusing on improving the process, methods, and results for how they get new ideas to market.

They are also looking at how new products can be designed in such a way that the product or its components can be reused, recycled, repaired, or refurbished. Designing new products with sustainability in mind will help organizations achieve more circular supply chains where waste is reduced.

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# SUPPLY CHAIN PLANNING

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- » [Sales & Operations Planning in Supply Chain Quick Poll Summary Report](#)
- » [If Disruption Is The New Normal, Operational Resilience Is The New Necessity](#)
- » [Supply Chain Planning: Blueprint for Success](#)

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  - Innovation: A Core Capability for Organizational Resilience
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- » [Logistics: Current State Practices Reports](#)
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## **PARTICIPANT DEMOGRAPHICS**

# DEMOGRAPHICS

Region	
United States and Canada	40%
Central and South America	7%
Europe, Africa, and Middle East	29%
Asia/Pacific	24%

Role	
Head of Business	15%
VP/Senior Executive	25%
Director/Senior Manager	26%
Manager/Process Owner	26%
Specialist/Analyst	8%
Consultant	1%

Annual Revenue	
Less than \$500 million	9%
\$500 million to less than \$1 billion	20%
\$1 billion and less than \$5 billion	21%
\$5 billion to less than \$10 billion	11%
\$10 billion to less than \$20 billion	18%
\$20 billion or greater	21%

Primary Organization Role	
Manufacturing	40%
Services	41%
Hybrid	20%

# TOP 10 PARTICIPATING INDUSTRIES

Top 10 Industries	
Industrial Products	16%
Retail and Wholesale	15%
Consumer Products/Packaged Goods	8%
Financial Services/Banking	8%
Healthcare	7%
Automotive	7%
Electronics	6%
Distribution/Transportation	5%
Aerospace	5%
Pharmaceutical	4%

*Other industries also included: Petroleum/Chemical, Government/Military, Services, Professional Services/Consulting, Education, Media and Entertainment, Telecom, Insurance, Waste Management/Environmental, Utility, Rental, Non-Profit, Mining, Research Organization, and Agriculture.*

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