



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

2024 SUPPLY CHAIN PRIORITIES AND CHALLENGES: CROSS-INDUSTRY REPORT

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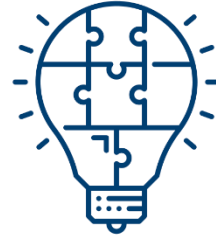
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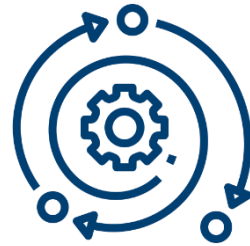
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ABOUT THIS REPORT



APQC concluded its tenth annual Supply Chain Management Priorities and Challenges research in early 2024.



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



This report provides a cross-industry snapshot of the current state of supply chains, important trends, obstacles to improving supply chain processes, and organizational priorities for supply chains in 2024.



352

Valid Participants



A LOOK BACK AT 2023

PERFORMANCE ON 2023 BUSINESS GOALS

Across the globe, the majority of organizations surveyed are not on track to achieve all their 2023 business goals, and four in five organizations reported falling short of their competitors' or peers' performance. This disappointing performance is a cause for concern given that a larger proportion of organizations are faring worse in 2023 than in previous years.



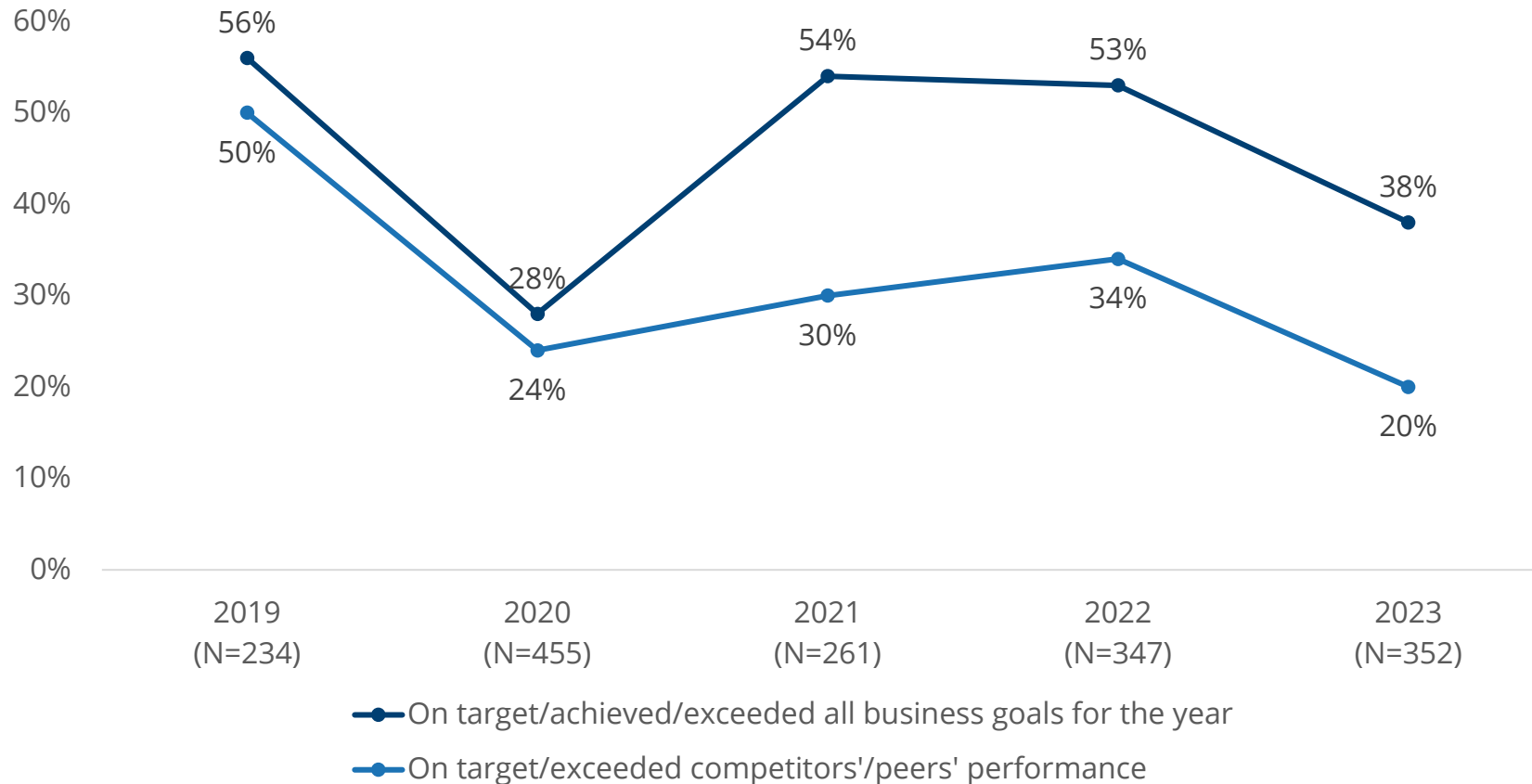
38% on target/achieved/exceeded
all business goals for 2023



20% on target /exceeded
competitors' / peers' performance

PERFORMANCE ON 2023 BUSINESS GOALS

Compared to 2022, fewer organizations have met or exceeded their business goals in 2023 (38 percent in 2023 vs. 53 percent in 2022). It is also concerning to see that a smaller proportion of organizations reported being on a par or better than their competitors' performance (20 percent in 2023 vs. 34 percent in 2022). This drop in performance reflects the ongoing turmoil supply chains faced with disruptions due to geopolitical tensions, labor shortages and unrest, increased costs from inflation, and more in 2023.



PERFORMANCE ON SPECIFIC 2023 GOALS



Little variation exists for performance on specific 2023 goals. Organizations were most likely to indicate being on target for meeting customer satisfaction goals and least likely to be on track for achieving inventory goals.

Compared to only 13 percent of organizations that achieved their 2022 return on investment (ROI) goals, more than twice the organizations (30 percent) are on track or have met their 2023 ROI goals. This represents a marked improvement in the profitability trend.

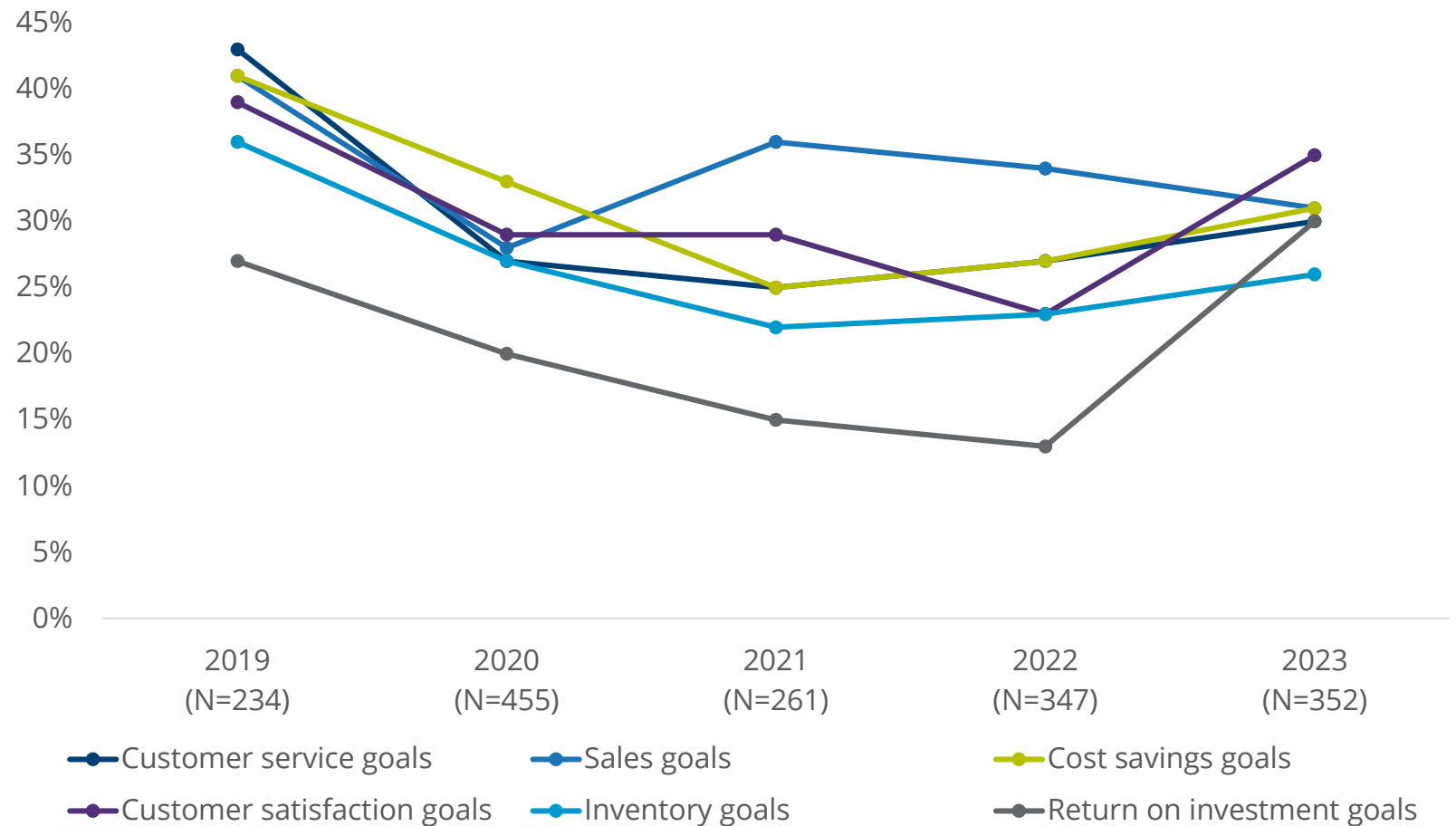
The values above do not add up to 100 percent because it was a "select all that apply" question.

ACHIEVING SPECIFIC GOALS YEAR OVER YEAR

Compared to the previous three years, organizations are more likely to be on track, meet, or exceed customer satisfaction and return on investment (ROI) goals for 2023. It is an encouraging sign to see several goals trending upward from 2022 to 2023, even though overall achievement remains low.

On the other hand, the proportion of organizations achieving sales goals has been trending downwards since 2021. The trend may reflect a mismatch between budgets and reality plus the impact of ongoing disruptions.

Percentage of Organizations On Target/Met/Exceeded Goals

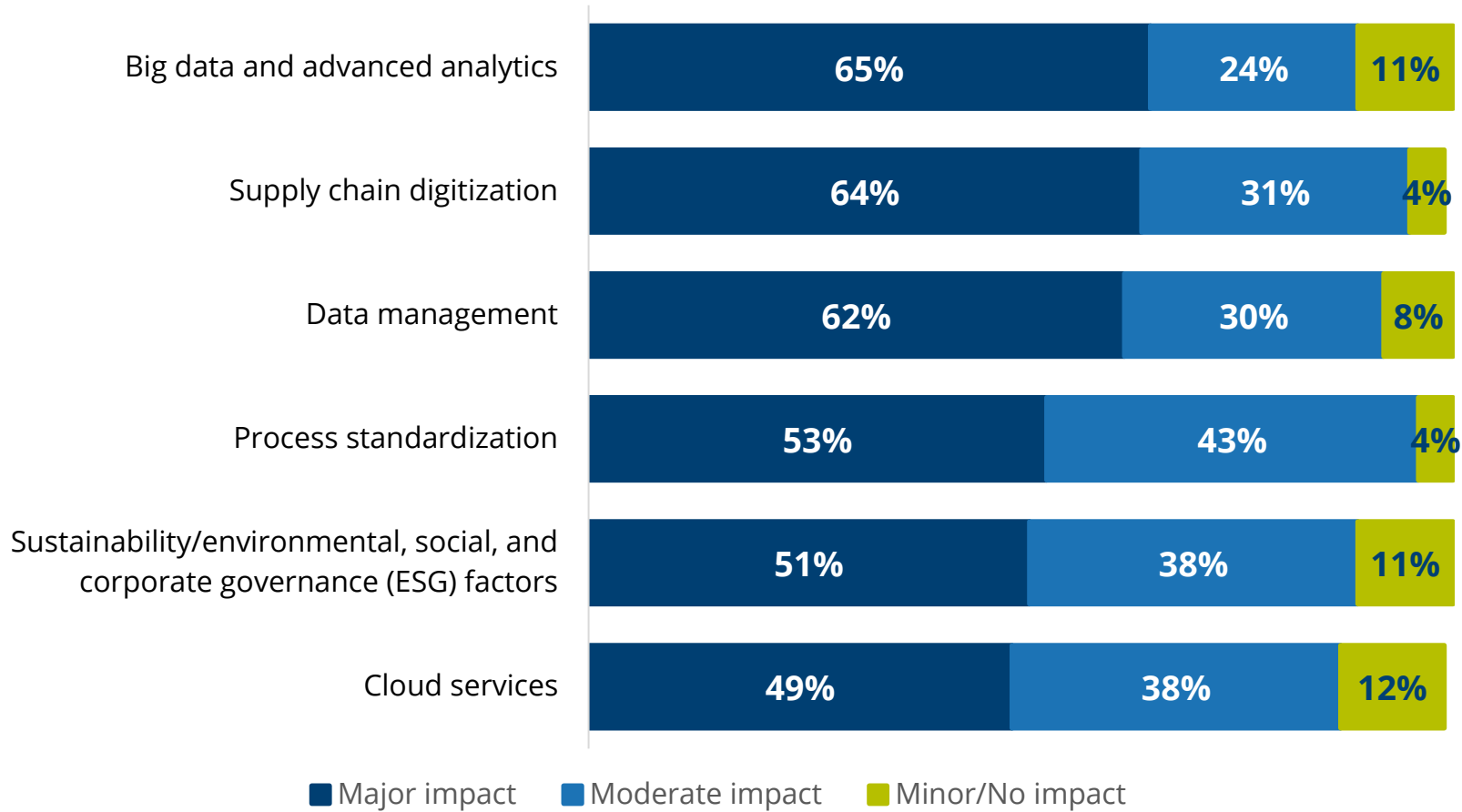




2024 CHANGES AND CHALLENGES

TOP TRENDS IMPACTING SUPPLY CHAINS

Top 6 Trends, Innovations, and Developments Impacting Supply Chains Over the Next 3 Years (by 2027)



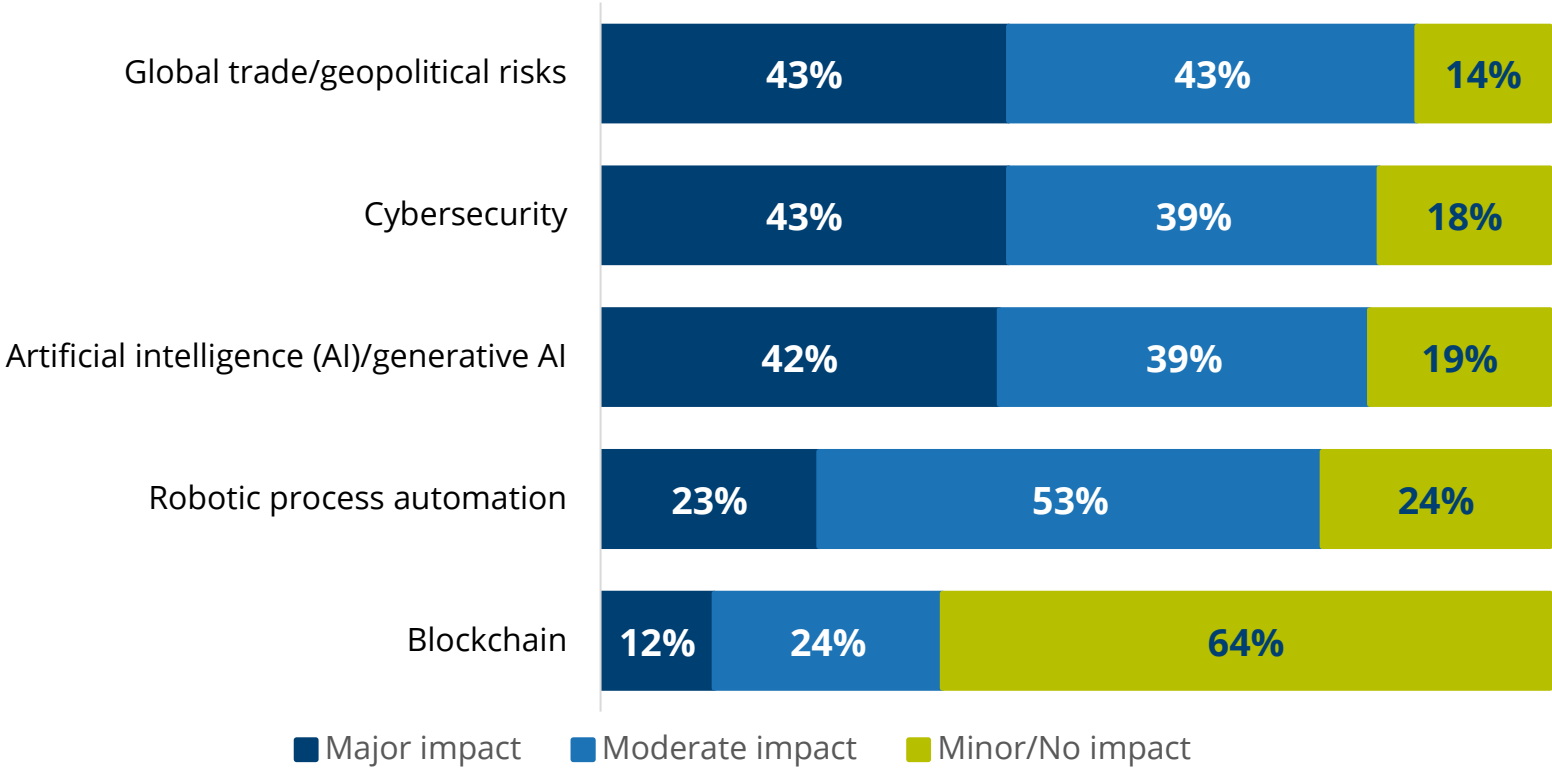
Big data and technological advancements are increasingly intertwined with supply chains.

The three most significant impacts respondents expect in the next three years are big data and advanced analytics, supply chain digitization, and data management.

Compared to 2023, the proportion of respondents anticipating major impacts from those top trends has increased substantially. Using big data and advanced analytics as an example, 34 percent of organizations anticipated its major impact last year, and now it stands at an astounding 65 percent. The same is true for supply chain digitization (41 percent in 2023 vs. 64 percent in 2024).

OTHER TRENDS IMPACTING SUPPLY CHAINS

Other Trends, Innovations, and Developments Impacting Supply Chains Over the Next 3 Years (by 2027)



The trends are listed in descending order by Major impact.

Global trade/geopolitical risks, cybersecurity, and artificial intelligence (AI) or generative AI are other important trends expected to have at least a moderate impact on supply chains over the next three years.

Interestingly, compared to 2023, respondents this year are expecting blockchain to have less of an impact on supply chains (64 percent in 2024 indicate minor/no impact vs. 32 percent in 2023).

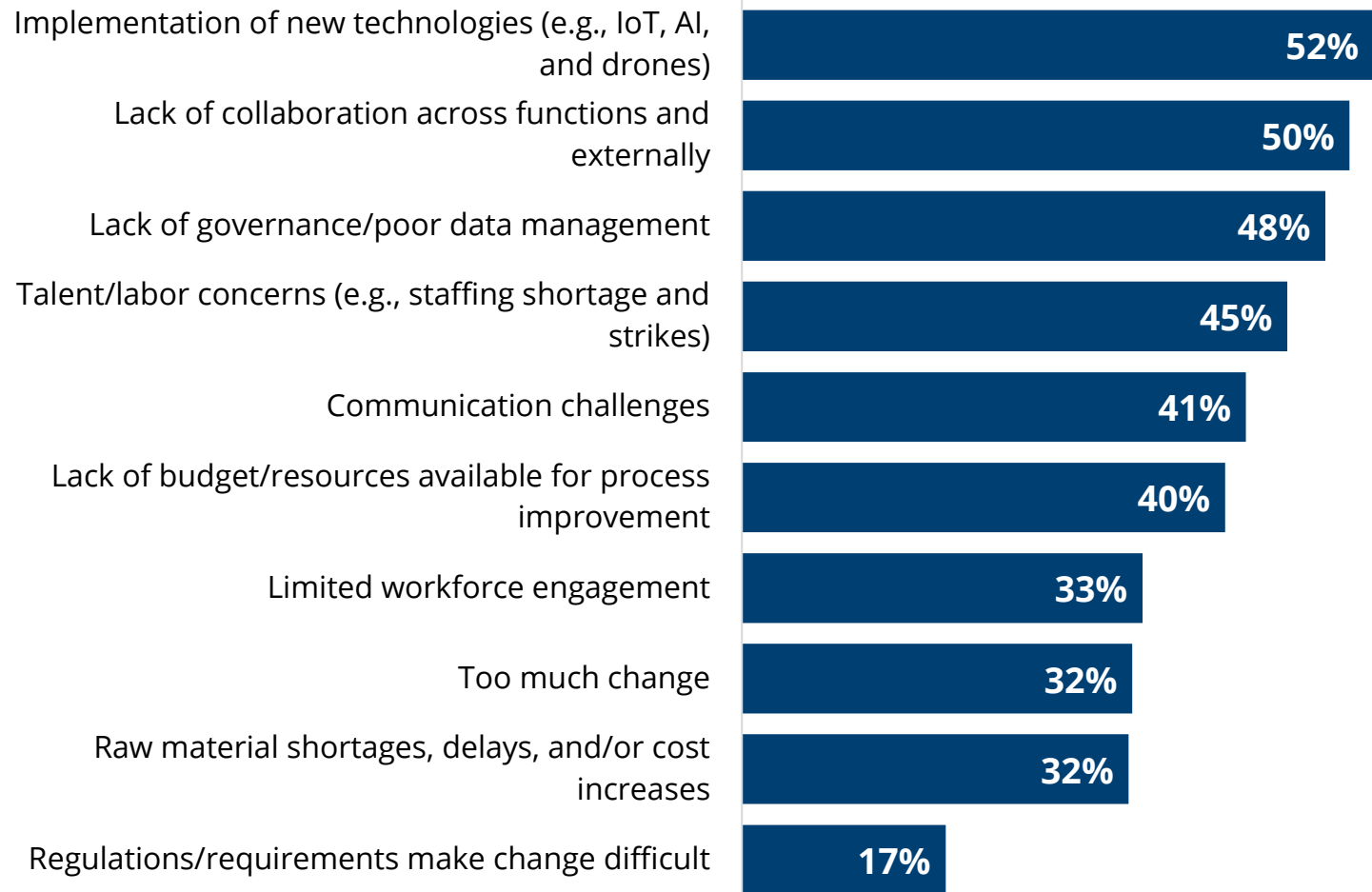
Blockchain technology “records data and transactions in a shared, tamper-resistant, decentralized digital ledger” which could benefit supply chains by increasing cost efficiency of deliveries, improving real-time traceability of product, and facilitating supplier relationship management. However, some challenges in implementation of blockchain technology in supply chains include data privacy and confidentiality concerns, keeping abreast of a continually evolving regulatory landscape, and significant initial cost.

OBSTACLES TO IMPROVING SUPPLY CHAIN PROCESSES

Half or more of the participating organizations identified the implementation of new technologies (e.g., Internet of Things (IoT), AI, and drones) as well as a lack of internal and external collaboration as barriers to improving supply chain processes.

Lack of governance and poor data management moved up the list by six spots to third for 2024.

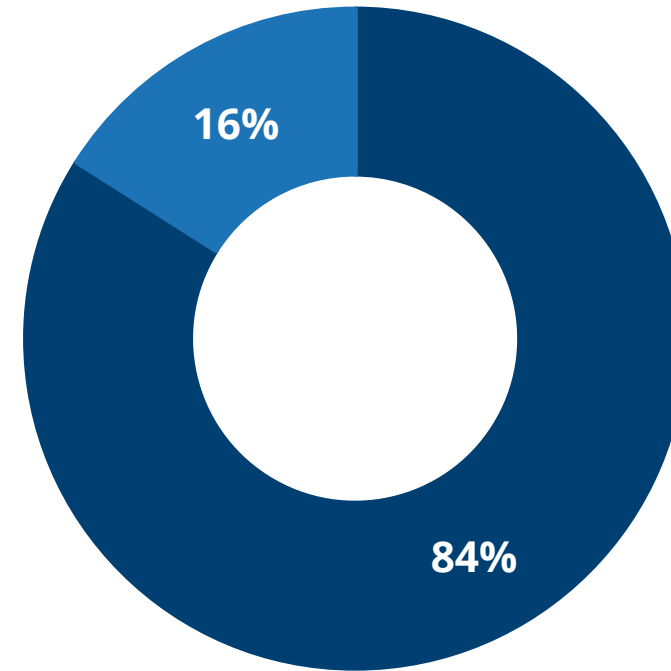
While staffing shortages remain an important concern for many organizations, it is no longer the top obstacle to improving supply chain processes as it was in 2023.



The values above do not add up to 100 percent because it was a "select all that apply" question.

OVERCOMING OBSTACLES

Percentage of Organizations That Have Re-Evaluated/Modified Supply Chain Strategy to Overcome Obstacles



■ Yes ■ No

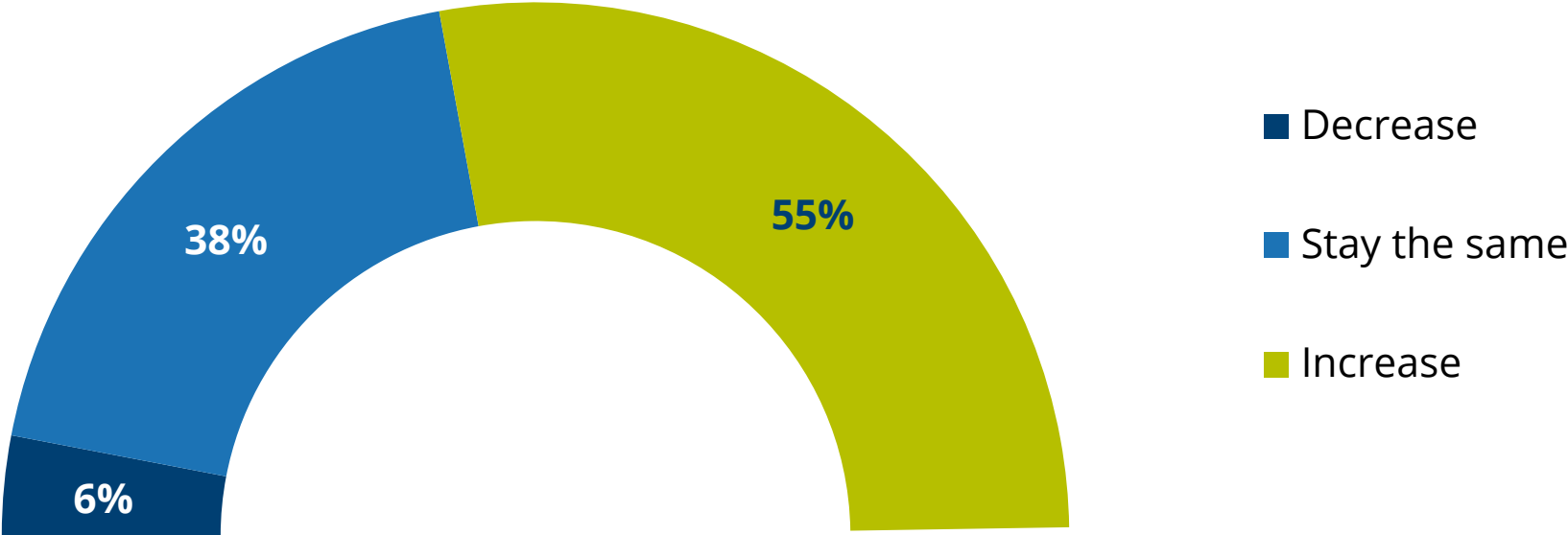
More than four-fifths of the respondents across industries indicated that their organizations have re-evaluated or modified their supply chain strategy to tackle the obstacles.

Being adaptable amidst volatile conditions is critical to successfully anticipating and/or overcoming challenges.

SUPPLY CHAIN BUDGET TREND

Over half of the respondents (55 percent) expect their organization's budget for supply chain management tools, technology, innovation, and initiatives to increase for 2024. About one-third expect the budget to stay the same. This finding is not unexpected given the inflationary environment that businesses are currently experiencing, and the increased attention being given to supply chains globally.

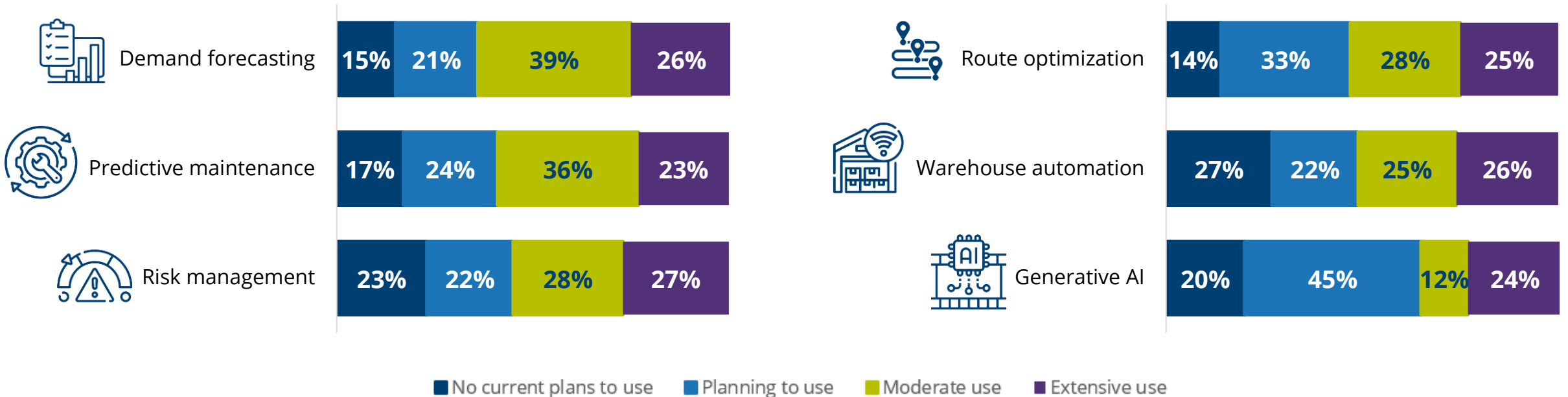
Expectation of Organization's Budget Change for SCM Tools, Technology, Innovation, and Initiatives From 2023 to 2024



USE OF ARTIFICIAL INTELLIGENCE IN SUPPLY CHAIN

Organizations today are most likely to moderately or heavily rely on AI for demand forecasting and predictive maintenance for their supply chain activities. On the other hand, about two-fifths of organizations are still in the planning phase for generative AI, which is an increasingly popular type of AI that assists users in creating new content, such as text, images, audio, and data.

Extent that Organizations are Planning or Currently Using AI for Supply Chain Activities



The activities are listed in descending order by Extensive use + Moderate use.



2024 PRIORITIES

2024 OVERALL SUPPLY CHAIN AREAS OF FOCUS

Supply chain planning continues to be a top priority for organizations this year. Sourcing and procurement as well as innovation also remain as top areas of focus. Compared to 2023, a larger percentage of organizations are prioritizing all the areas of supply chain as shown below. For example, supply chain planning (90 percent in 2024 vs. 86 percent in 2023), sourcing and procurement (88 percent in 2024 vs. 75 percent in 2023), and innovation (87 percent in 2024 vs. 73 percent in 2023) are more likely to be on an organization's radar in 2024.



90%
Supply Chain Planning



82%
Logistics and Inventory Management



88%
Sourcing and Procurement



82%
Order Management



87%
Innovation

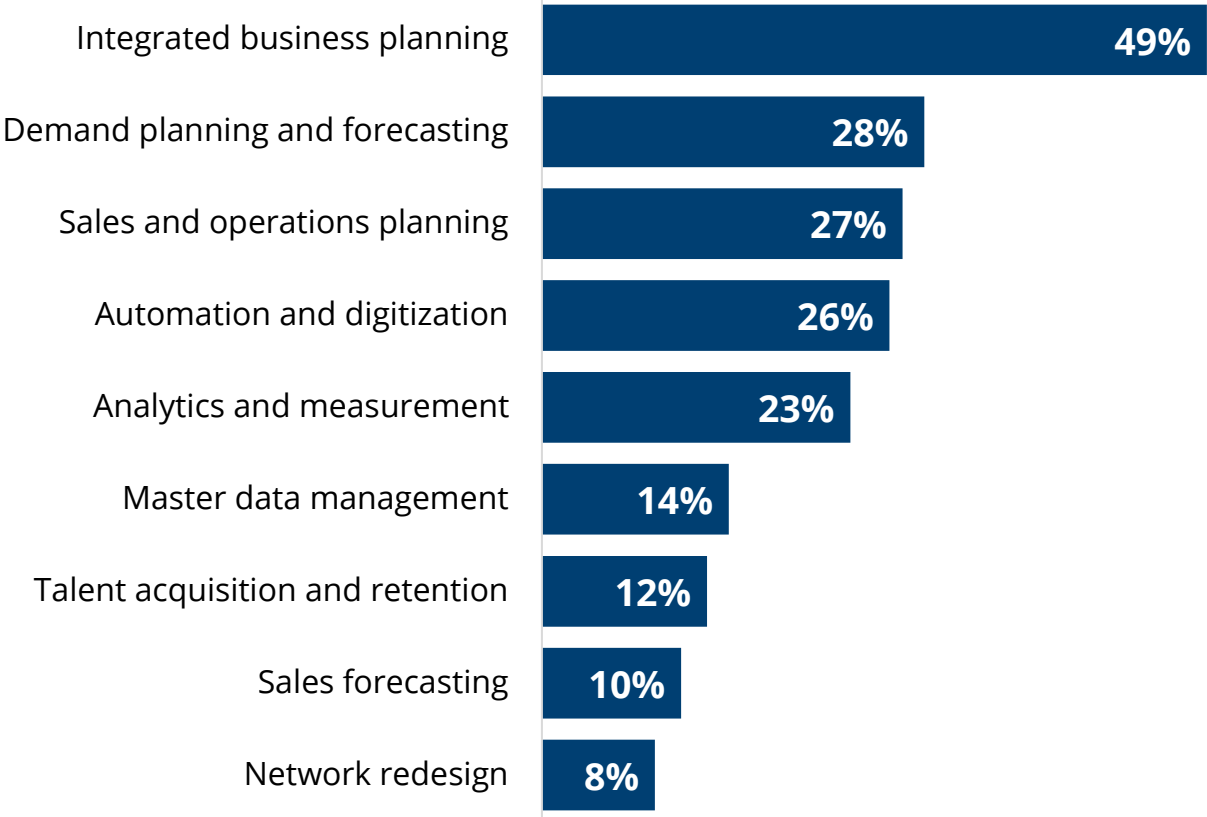


82%
Product Development



72%
Manufacturing

TOP FOCUS AREAS IN SUPPLY CHAIN PLANNING



About half (49 percent) of the respondents surveyed have identified integrated business planning to be their organization's priority in supply chain planning, which is almost twice that of last year (25 percent). This suggests that organizations are seeing greater value in aligning business goals across their supply chains.

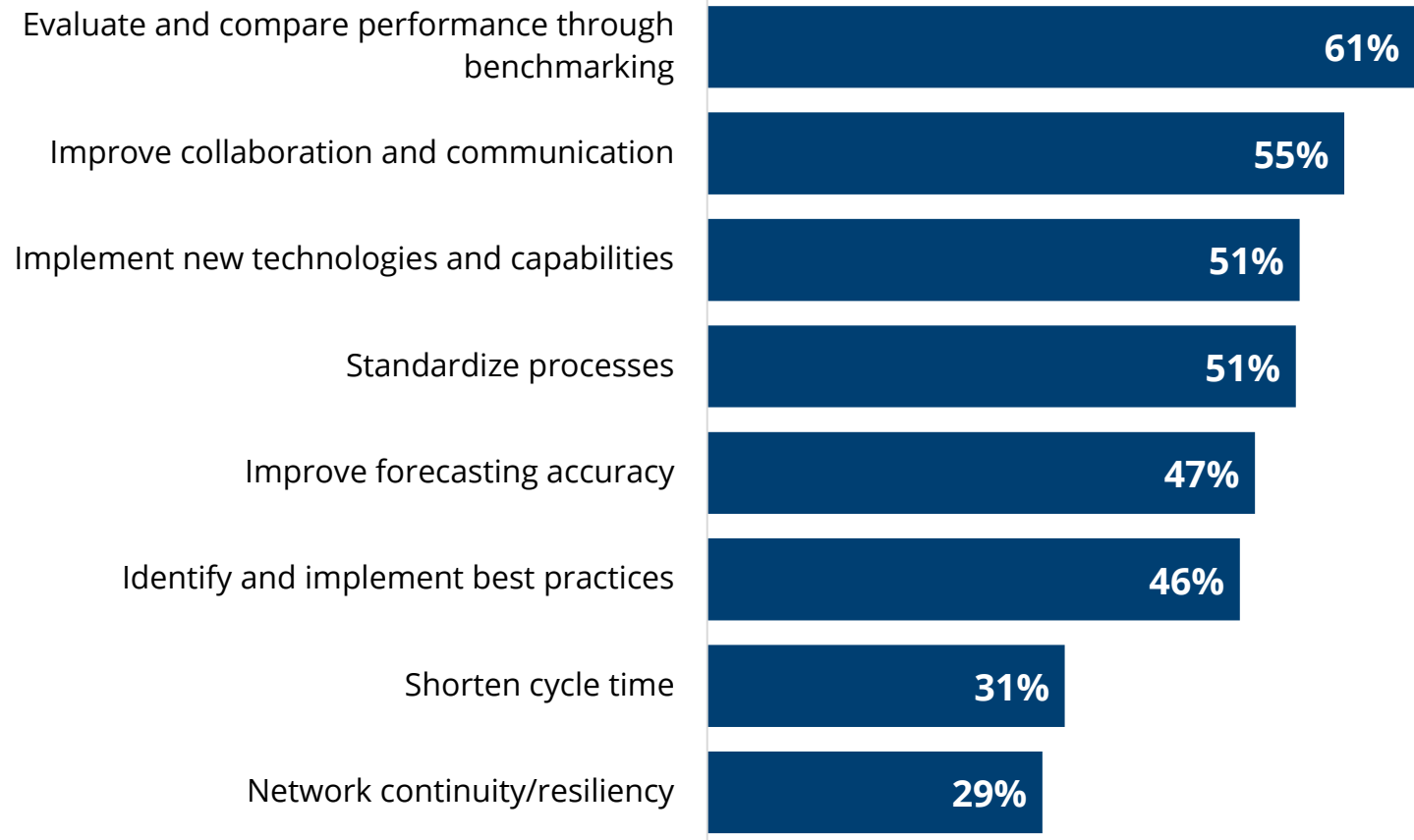
In turn, this could lead to optimization of supply chain processes, greater visibility of the entire supply chain, regulated inventory levels, more accurate demand forecasting, and better customer satisfaction.

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2024 PRIORITIES FOR SUPPLY CHAIN PLANNING

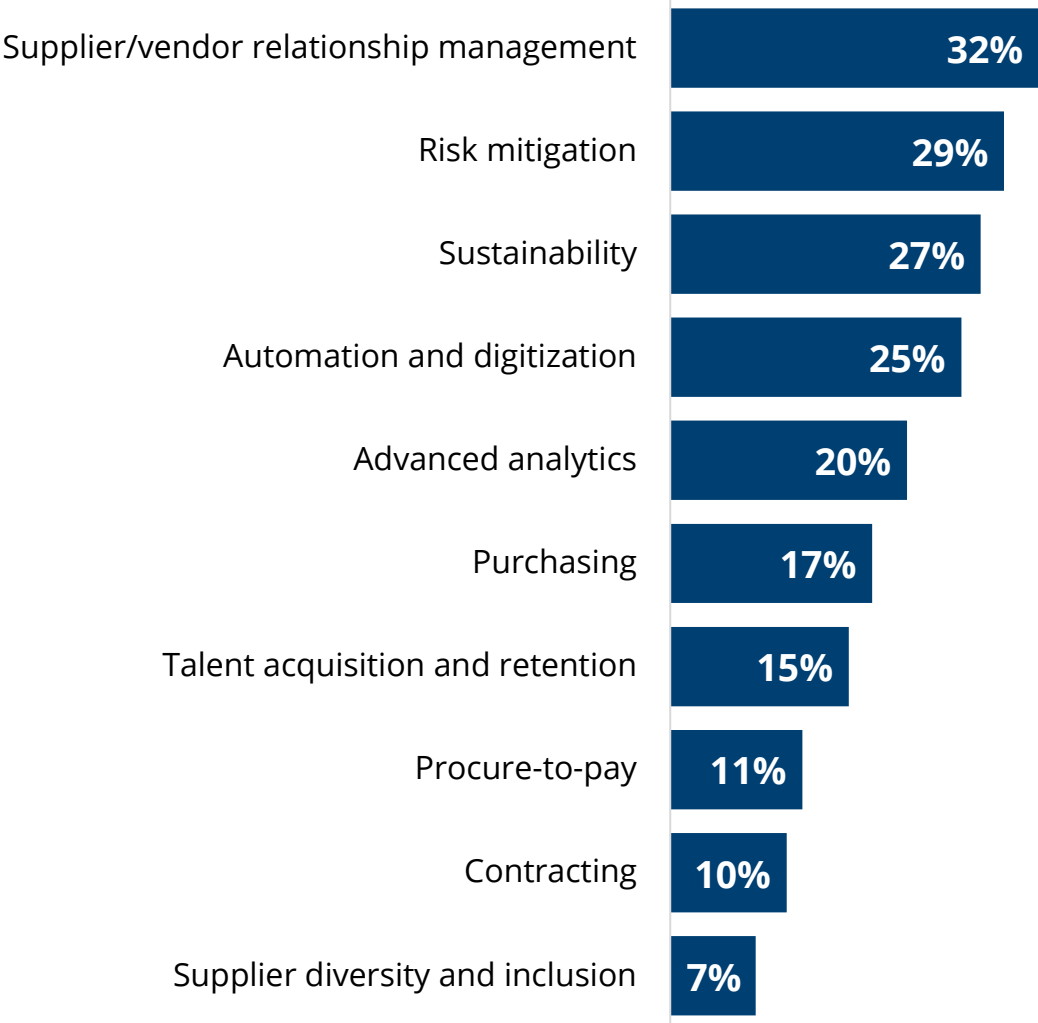
The top actionable strategies for supply chain planning in 2024 are to evaluate and compare performance through benchmarking and improve collaboration and communication.

From an external perspective, many organizations recognize the importance of benchmarking their supply chains to ensure that they are comparable with their competitors. To achieve better performance, they must foster closer collaboration and open communication from within the organization and with external partners.



The values above do not add up to 100 percent because it was a "select all that apply" question.

TOP FOCUS AREAS IN SOURCING AND PROCUREMENT



Similar to 2023, the top focus area for 2024 in sourcing and procurement continues to be supplier/vendor relationship management (SRM; 32 percent).

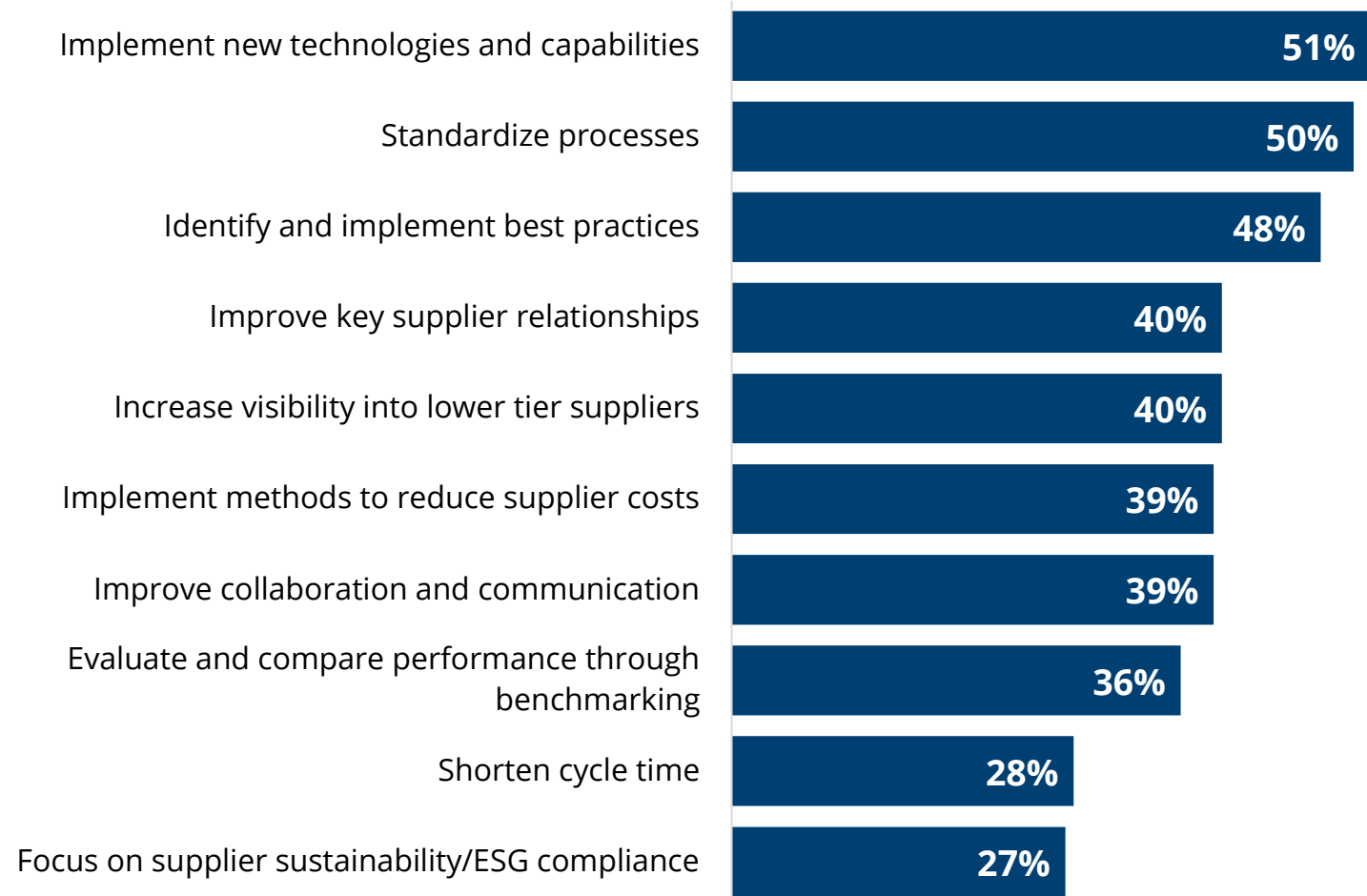
Other important focus areas in sourcing and procurement include risk mitigation, sustainability, as well as automation and digitization.

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2024 PRIORITIES FOR SOURCING AND PROCUREMENT

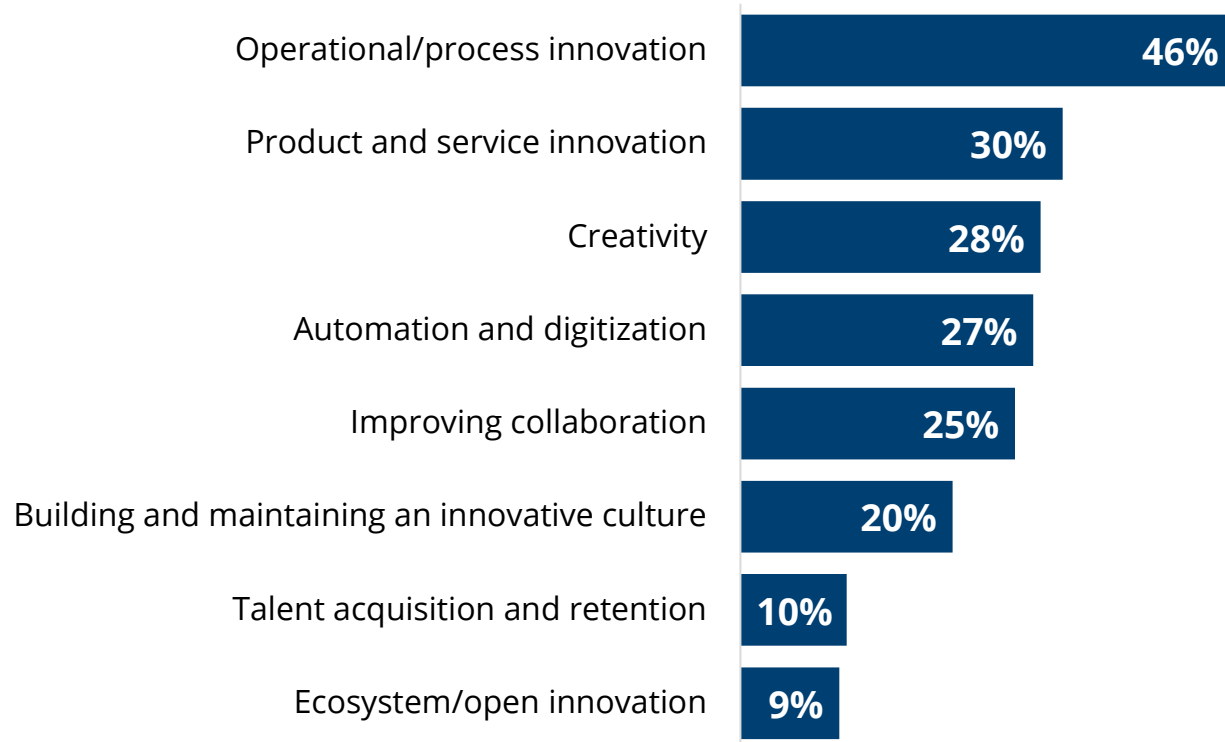
The top three priorities for sourcing and procurement in 2024 include implementing new technologies and capabilities, standardizing processes, and identifying and implementing best practices.

Compared to 2023, a larger proportion of organizations are planning to put in place new technologies and capabilities (51 percent in 2024 vs. 38 percent in 2023). Some new procurement technologies include AI, IoT, robotic process automation (RPA), and big data and analytics.



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TOP FOCUS AREAS IN INNOVATION



Innovation helps organizations stay ahead of the curve even when facing rapid changes, multiple disruptions, and technological advancements in this globalized world.

The top focus area in innovation for 2024 is operational/process innovation, which will allow organizations to find new and different, more effective ways of going to market and operating their supply chains.

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2024 PRIORITIES FOR INNOVATION

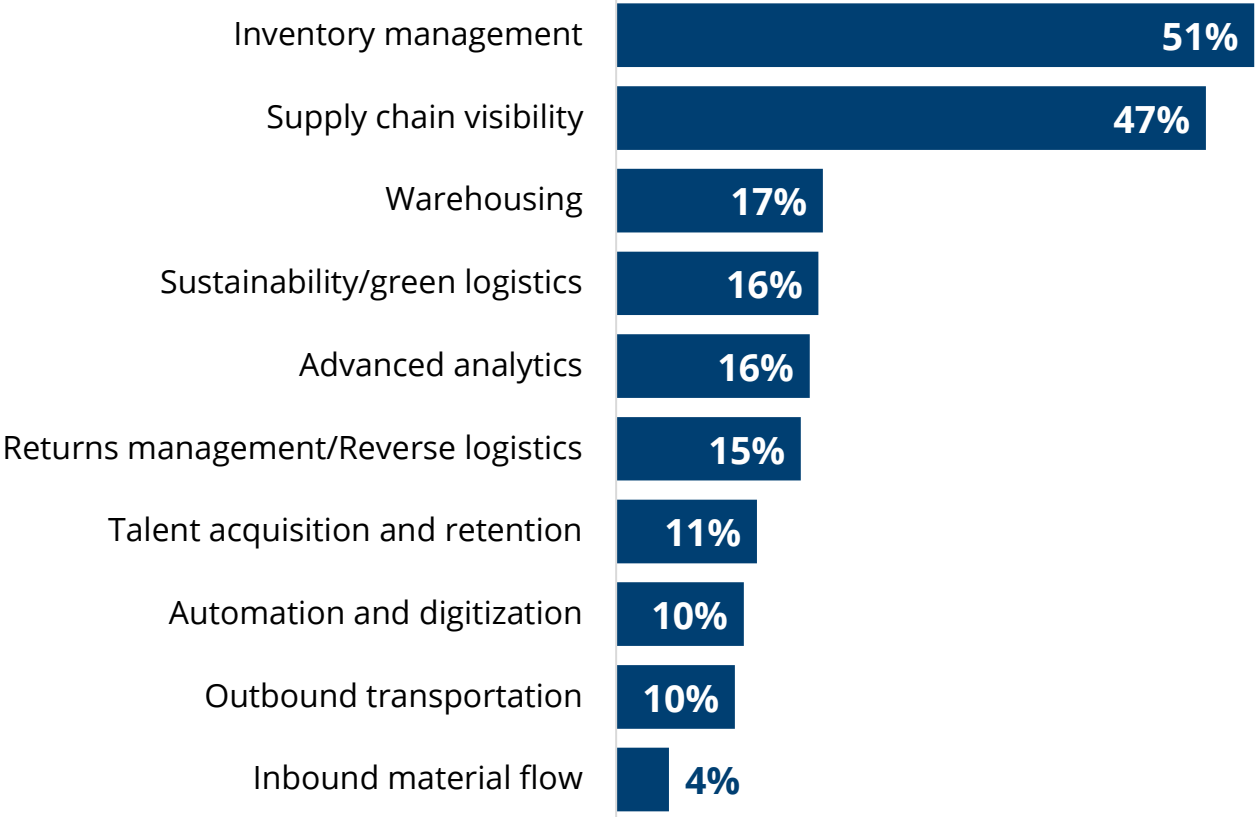
More than half of respondents indicated that for 2024, their organizations will prioritize the integration of innovation into organizational goals as well as the implementation of new technologies and capabilities.

This is in stark contrast to the top priority in 2023 which was adopting a structured approach to innovation. Instead, organizations in 2024 recognize the importance of engaging all employees by embedding innovation into their goals and leveraging new technologies to help facilitate innovation.



The values above 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 line with the past several years, inventory management continues to be the top focus area in logistics. In addition to cost savings, having optimized inventory management can help with cash flow and customer satisfaction.

Supply chain visibility emerged as a close second for 2024. Having visibility across the entire supply chain can help anticipate and mitigate disruptions and make quicker, data-driven decisions.

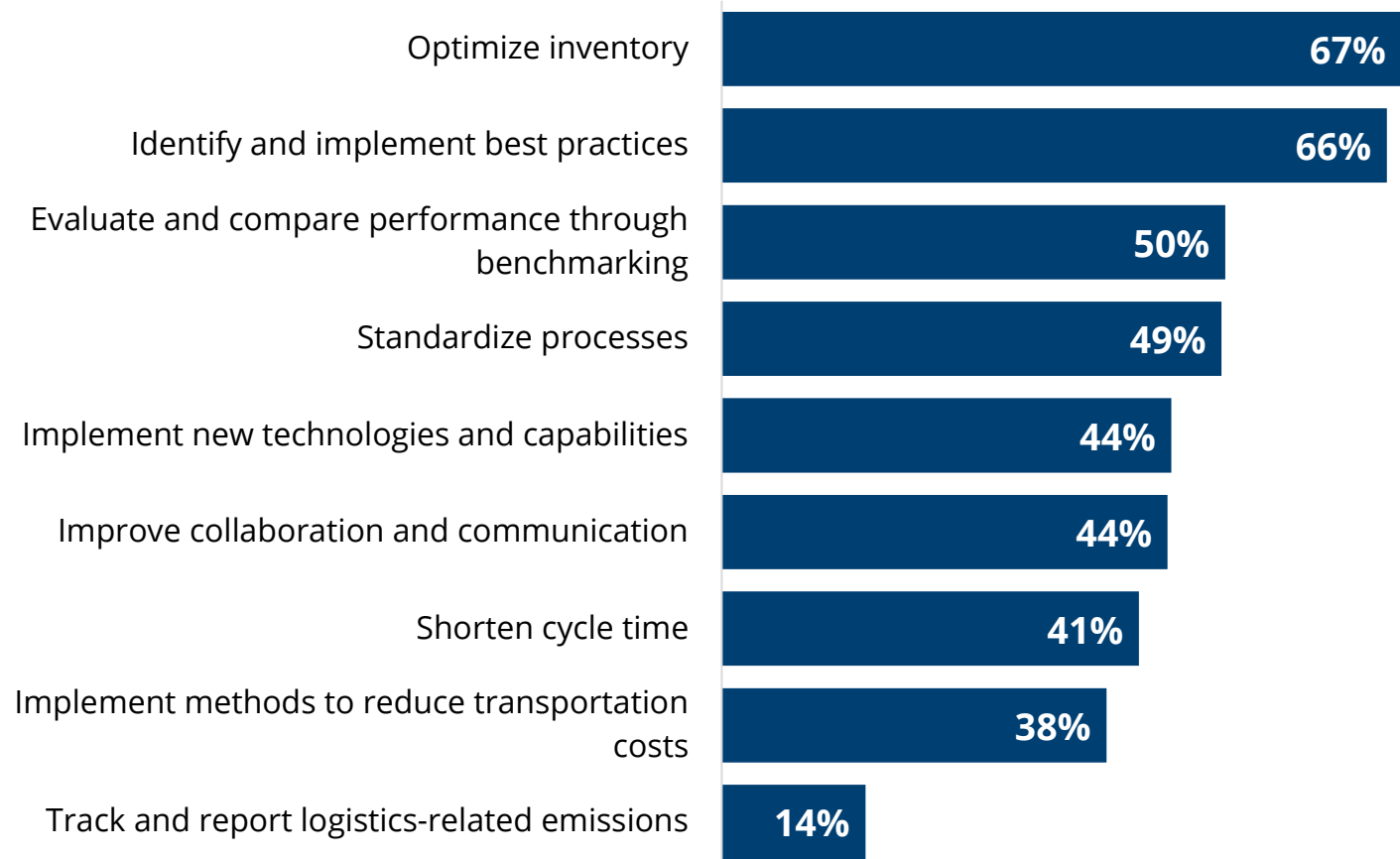
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2024 PRIORITIES FOR LOGISTICS AND INVENTORY MANAGEMENT

To improve inventory management and increase supply chain visibility, about two thirds of organizations are prioritizing inventory optimization (67 percent) and identifying and implementing best practices (66 percent).

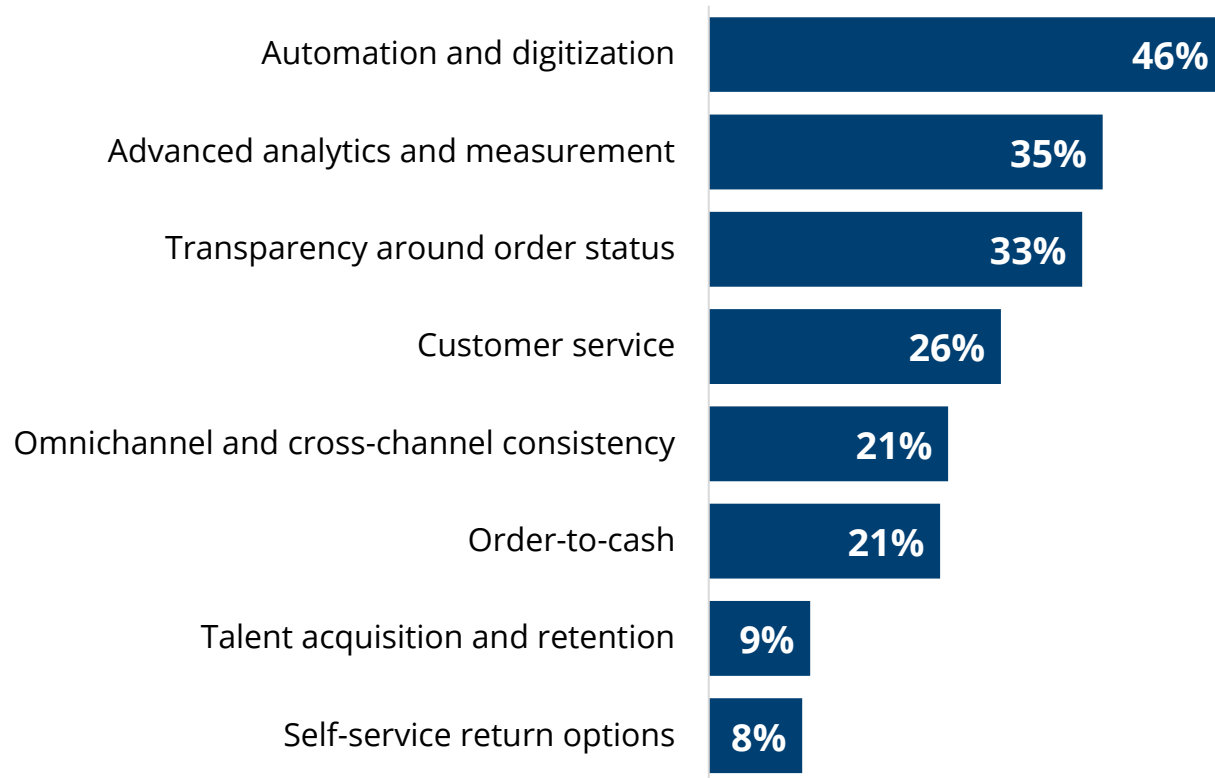
Demand forecasting is a critical aspect of inventory optimization.

Moreover, benchmarking against competitors provides insights about what best practices would be suitable for adoption by the business.



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TOP FOCUS AREAS IN ORDER MANAGEMENT



Nearly half of respondents reported that automation and digitization is the top area of focus in order management in 2024. Having an effective order management system can reduce non-value-added time for customer service representatives and minimize errors resulting from manual data entry.

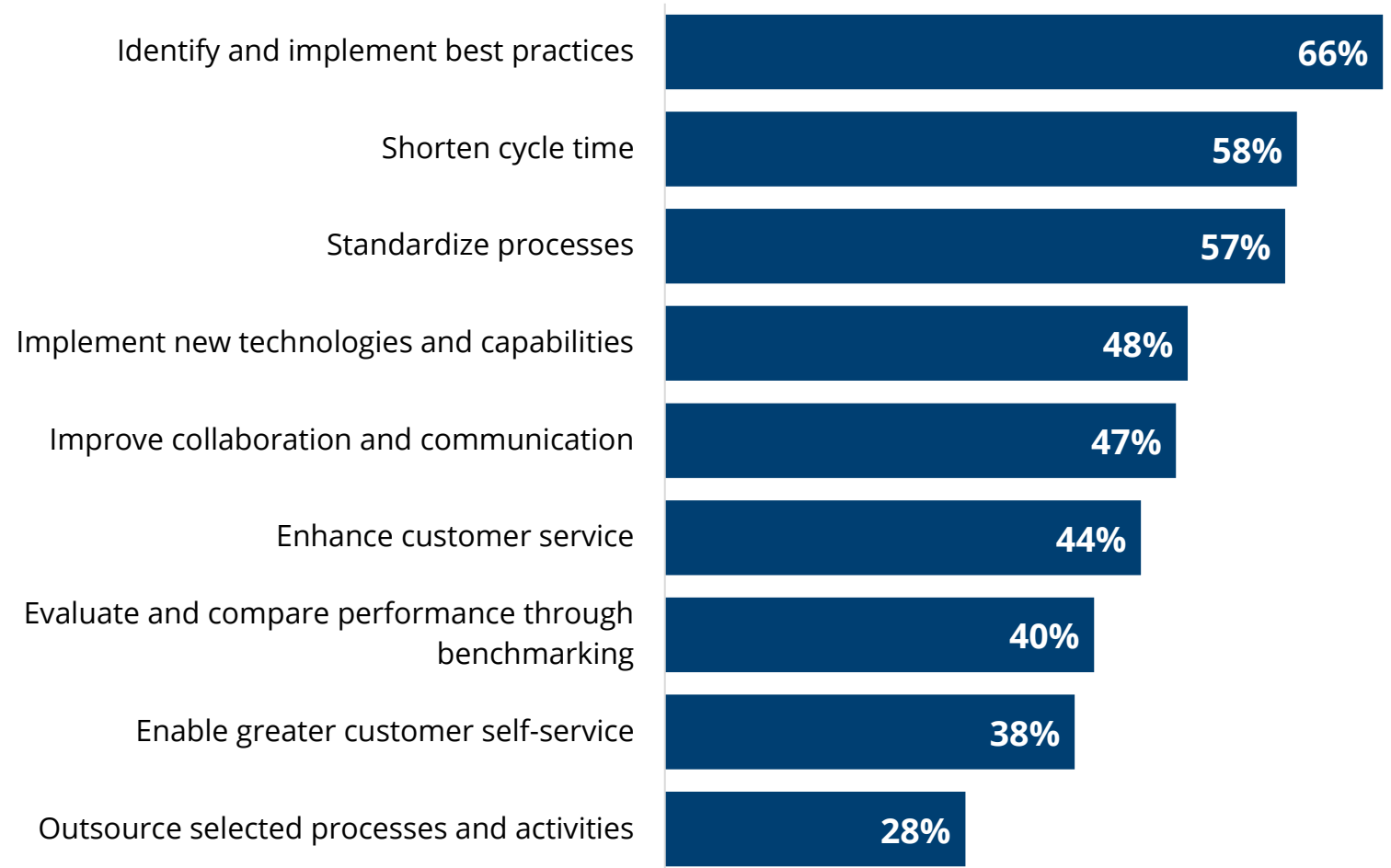
The values above do not add up to 100 percent because it was a "select top two" question.

2024 PRIORITIES FOR ORDER MANAGEMENT

The top priorities for order management in 2024 are to identify and implement best practices, reduce cycle time, and standardize processes.

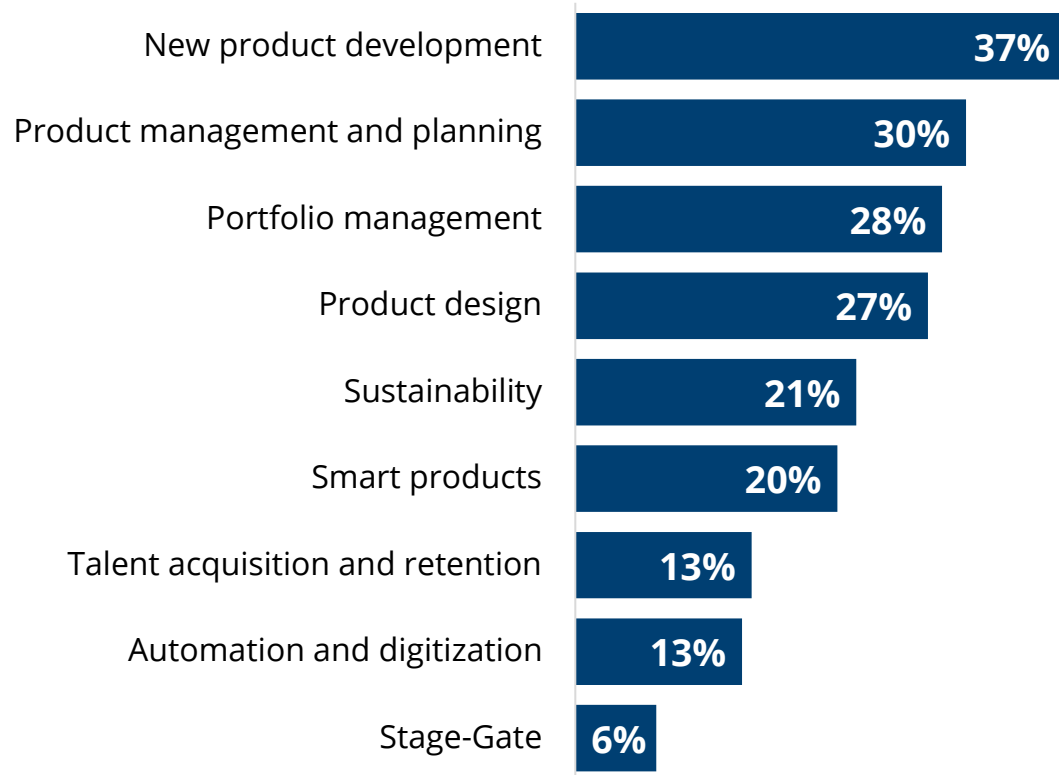
Securing senior management buy-in for order management automation necessitates first learning about the best practices available in the industry.

Reducing order cycle time is also critical because it can improve on-time delivery rate and customer satisfaction levels.



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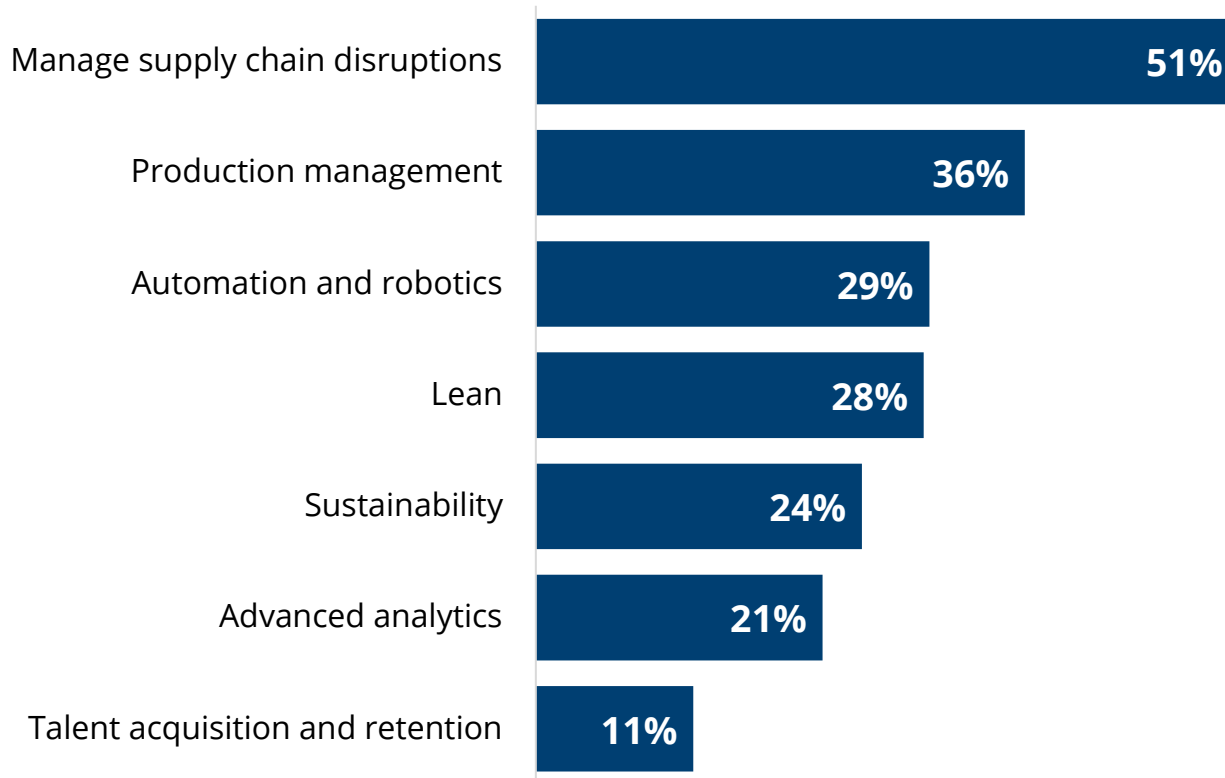
TOP FOCUS AREAS IN PRODUCT DEVELOPMENT



New product development continues to be a top focus area in product development. From idea generation to concept testing to product development, it requires significant resources to bring a new product to market.

The values above do not add up to 100 percent because it was a "select top two" question.

TOP FOCUS AREAS IN MANUFACTURING



Managing supply chain disruptions is the top focus area for manufacturing in 2024. Disruptions such as geopolitical tensions, climate changes, labor shortages and unrest, and cyberattacks across the world have posed challenges for manufacturing and the supply chain.

It is becoming increasingly important for manufacturing organizations to be adaptable and resilient so that they can anticipate and mitigate the impact of supply chain disruptions.

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DEMOGRAPHICS

DEMOGRAPHICS

Region	
United States and Canada	42%
Asia-Pacific	29%
Europe	18%
Africa and Middle East	8%
Central and South America	2%

Level of Role	
Head of Business	11%
VP/Senior Executive	23%
Director/Senior Manager	41%
Manager/Process Owner	22%
Specialist/Analyst	1%
Consultant	2%

Organization's Primary Role	
Manufacturing	60%
Services	32%
Hybrid	8%

Top 10 Industries	
Consumer Products/Packaged Goods	12%
Industrial Products	11%
Retail and Wholesale	10%
Pharmaceutical	8%
Petroleum/Chemical	8%
Aerospace	8%
Mining	7%
Electronics	6%
Automotive	6%
Financial Services/Banking/Insurance	6%

Annual Revenue (in USD)	
Less than \$500 million	5%
\$500 million to less than \$1 billion	18%
\$1 billion to less than \$5 billion	38%
\$5 billion to less than \$10 billion	14%
\$10 billion to less than \$20 billion	12%
\$20 billion or higher	13%

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