global annual report   2024

STATE OF AGILITY

IN PROCUREMENT & SUPPLY

with the focus topic

AGILE TRANSFORMATION ACROSS COMPANIES

This study was designed by

World Commerce & Contracting

Alliance lean-agile procurement

This years survey is sponsored by

Deloitte.

As Zhang Ruimin, former CEO and Chairman of the Board of Directors Haier Group, said at the Global Peter Drucker Forum: No man, nor an organization is an island entire of itself. We have to take care of the whole ecosystem of our business - our suppliers, our partners and our competitors and create true partnerships based on win-win mindset.

In other words, it's no longer about being agile within your own organization, but about being agile across your supply chain. Only together can we meet the challenge of increasing complexity and the need for speed, in order to have a greater impact, faster, together!

INSIDE THE NUMBERS

This year's results show an increased level of agreement, now at 92%, that adopting agile in commercial functions, both supplier and buyer side is strategic to their business. While 87% of respondents say they are engaging their partners and suppliers in their enterprise Agile transformation, confidence in supporting the relationship with Agile contracts is still quite low at 82%. They are also still in their infancy when it comes to engaging their suppliers and partners in their agile transformation.

11th | GLOBAL PETER DRUCKER FORUM 2O19 NOV 21|22

Maximizing shareholder value is a zero-sum game. We don't want to create a walled garden, we want a rainforest.

Zhang Ruimin
CEO and Chairman
of the Board of Directors
Haier Group

To solve today's complex problems and keep pace with demanding and changing market needs, 82% of respondents recognize the growing need to work within coordinated supply networks or ecosystems. Similar to last year's report, the top 3 scenarios for cross-enterprise collaboration with multiple partners are innovation, go to market and production. In general, the scenarios for collaboration across the entire product lifecycle are quite dispersed. In contrast to digitalization and automation, strategic cooperation between companies will lead to an even greater need for commercial know-how!

AGILE TRANSFORMATION ACROSS COMPANIES

92% agreed that adopting agile is of strategic importance to their business. Already 87% are in an Agile transformation across Companies

AGILE CONTRACTS

Just 2% disagree that Agile Contracts lead to a better Business Outcome. While 82% feel not confident / moderate confident about their organizations ability to manage Agile Contracts
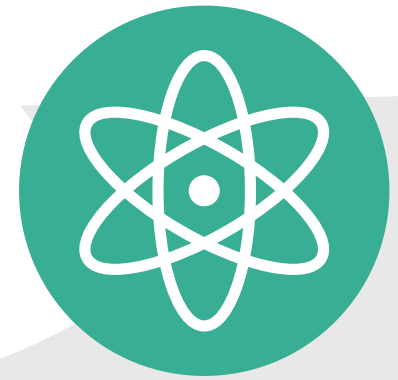
ADAPTIVE PARTNER ECOSYSTEM

82% of respondents need to include more than 1 partner for solving complex problems, while most of them don't have an appropriate contracting strategy and can't establish the partnerships fast enough

Success stories in commercial functions have demonstrated the potential for huge business impact, with improvements in lead times of between 200 and 800%. No wonder 'Lean-Agile Procurement' has been rated as the top Agile Practice in 2024.

The predominant challenges include insufficient executive support, which is critical for scaling Agile practices, and a significant skills gap in Agile values and methodologies. Experience in Agile contracts is limited, indicating a crucial area for development and training. Organizations also report cultural resistance and difficulties in adapting existing processes as major barriers to Agile adoption.

CHALLENGES

FOREWORD

In the fast-evolving landscape of procurement and supply chain management, Agility has emerged as a critical capability for organizations striving to maintain competitive advantage and operational excellence. As we step into 2024, the importance of Agile Transformation Across Companies cannot be overstated. This year's "State of Agility in Procurement & Supply" report sheds light on the pivotal shifts and trends that are shaping the future of our industry. The global business environment is marked by volatility, uncertainty, complexity, and ambiguity. Leading Examples like Haier show, that traditional procurement and supply chain models are no longer sufficient to navigate these challenges. Instead, organizations are increasingly embracing agile methodologies, which promote flexibility,

Image Source: scmr.com

responsiveness, and innovation. This transformation is not merely a trend but a strategic imperative that is redefining how companies operate, collaborate, and deliver value.

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Source: haier.com, https://youtu.be/AhdjLXdxnFc

Agile Operations and Relationships

This report confirms a growing appreciation of the importance of Agility in managing today's business conditions. However, it also reveals the limits to progress. Agile operations and agile relationships are fundamental to thriving in the current market, yet achieving true enterprise agility is complex and often disruptive. As major consultants such as McKinsey and Boston Consulting Group have indicated, Enterprise Agility requires a flatter, networked organization with flexible teams that operate outside traditional management structures. This fundamental restructuring demands executive sponsorship, but many executives view the shift to agile as a team-level activity.

The findings of this survey reflect these observations. The majority of Agile initiatives are functional in nature, utilizing traditional techniques and requiring low levels of funding. Consequently, they often focus on internal operations, which inevitably constrains the impact and visibility of improvements. Nonetheless, improvements are being achieved, potentially laying a foundation for broader progress.

The Path Forward

The area where progress is perhaps most needed is in the formation and management of Agile relationships capable of dealing with today's volatile market conditions. Currently, only around one in ten initiatives engage external partners, suggesting a new breed of market leaders is emerging – Lean, Agile, Adaptive, and ready to embrace new contracting and commercial models.

FOREWORD

This report, through comprehensive research and in-depth analysis, examines how organizations of varying sizes and sectors are implementing Agile practices to enhance their resilience and performance. The findings reveal insightful strategies and best practices that can guide leaders and practitioners in their journey towards Business Agility.

This report is the result of a collaborative effort between World Commerce & Contracting, the Lean-Agile Procurement Alliance, 30 Collaboration Partners and Deloitte. Together, we have combined our expertise and resources to deliver a comprehensive and actionable study. We extend our sincere gratitude to all the participants who contributed their valuable insights and experiences to this survey.

As you delve into the pages of this report, we hope you find the information both enlightening and inspiring. May it serve as a valuable resource for your organization's Agile transformation journey. Embrace the insights, leverage the recommendations, and join us in fostering a future where Agility in Procurement and Supply is not just an aspiration, but a reality.

Tim Cummins (founder of World Commerce & Contracting formerly IACCM) & **Mirko Kleiner** (President Lean-Agile Procurement Alliance) have designed and published this study.

Tim Cummins

President at World Commerce & Contracting; Professor, Leeds University School of Law; Chair, International Commercial & Contract Management

Mirko Kleiner

Thought Leader in Lean-Agile Procurement , CIPS Award Winner 2018, international Speaker, Author, President of LAP Alliance, co-founder flowdays, Agile Enterprise Coach, Certified Scrum@Scale Trainer

COOPERATION PARTNERS

This survey would not have been possible without the support of our global cooperation partners. We're proud to see the collaboration even between competitive alliances to achieve something bigger than us.

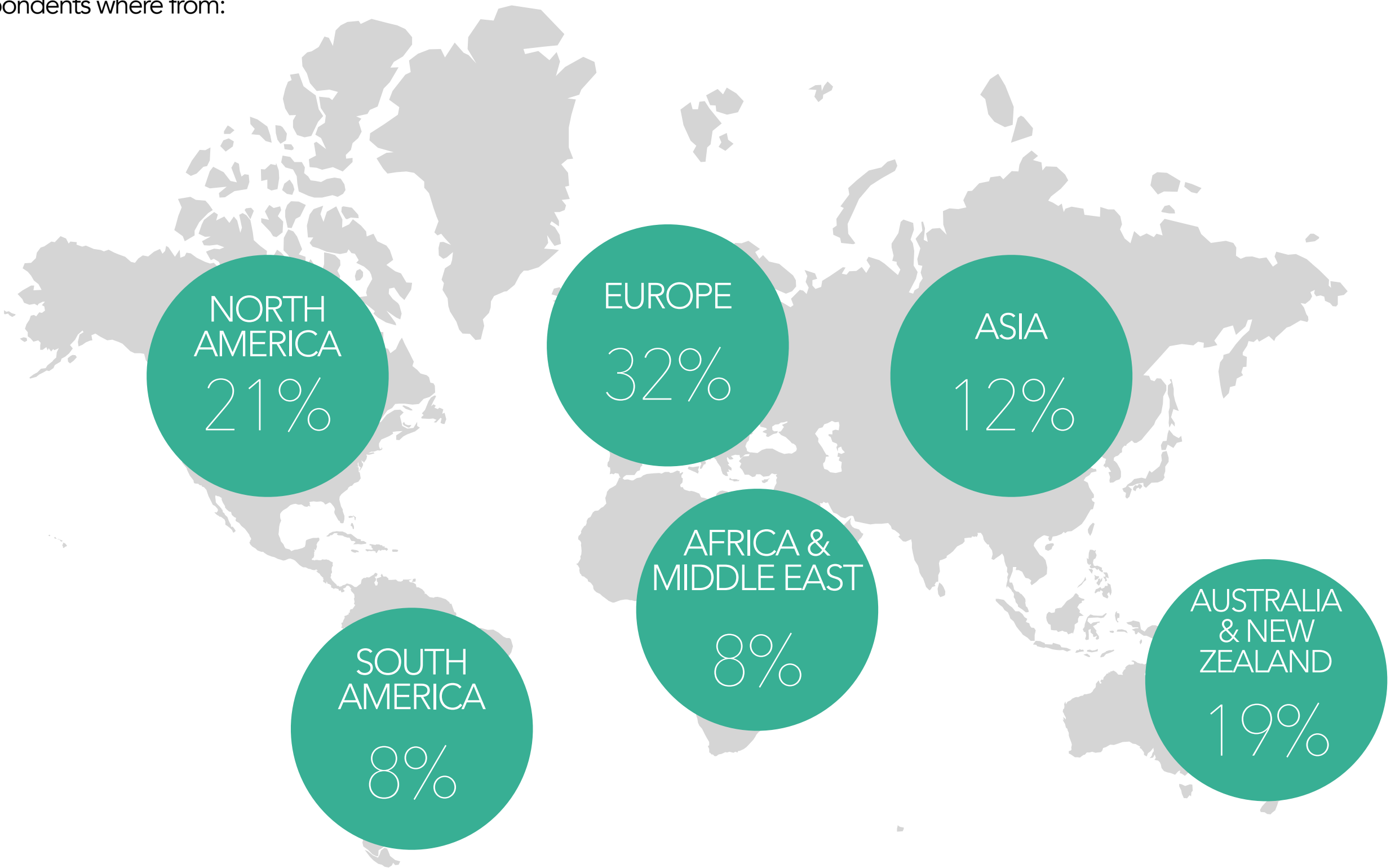|					
Agile Alliance	Agile Business Consortium	Agile Business Institute	Agile Education powered by scruminc.	AGILE HR AHRD	Agile in Africa
Agile Leadership Journey	Rekommenderad leverantör AGILAKONTRAKT.SE	FH Berner Fachhochschule Haute école spécialisée bernoise Bern University of Applied Sciences	Beyond Budgeting Institute From Command & Control to Empower & Adapt	BME Bundesverband Materialwirtschaft, Einkauf und Logistik	BUSINESS AGILITY INSTITUTE
CIPS	PMI Disciplined Agile	Fachhochschule Südwestfalen University of Applied Sciences	FLOW CONSORTIUM	ICAgile International Consortium for Agile	Menlo College IMI The Bendapudi Silicon Valley Center
Northumbria University NEWCASTLE	PASA	Personal Agility	PROCUREMENT FOUNDRY	procure·ch	РОСЭЛТОРГ
SCALED AGILE	Scrum.org The Home of Scrum	Scrum Alliance	SWAY Systems	SWISS SOURCING GROUP	TECHNATION
The Sourcing Network	unFIX				

RESPONDENT DEMOGRAPHICS

Participants responded from all around the world, from corporates to SME's, from multiple industries and roles. This has enabled us to present results from both the buyer's and supplier's point of view covering both public and private sector. Compared to the 2023 results, we were able to diversify the location and industry of respondents, while the size of organizations remained similar.
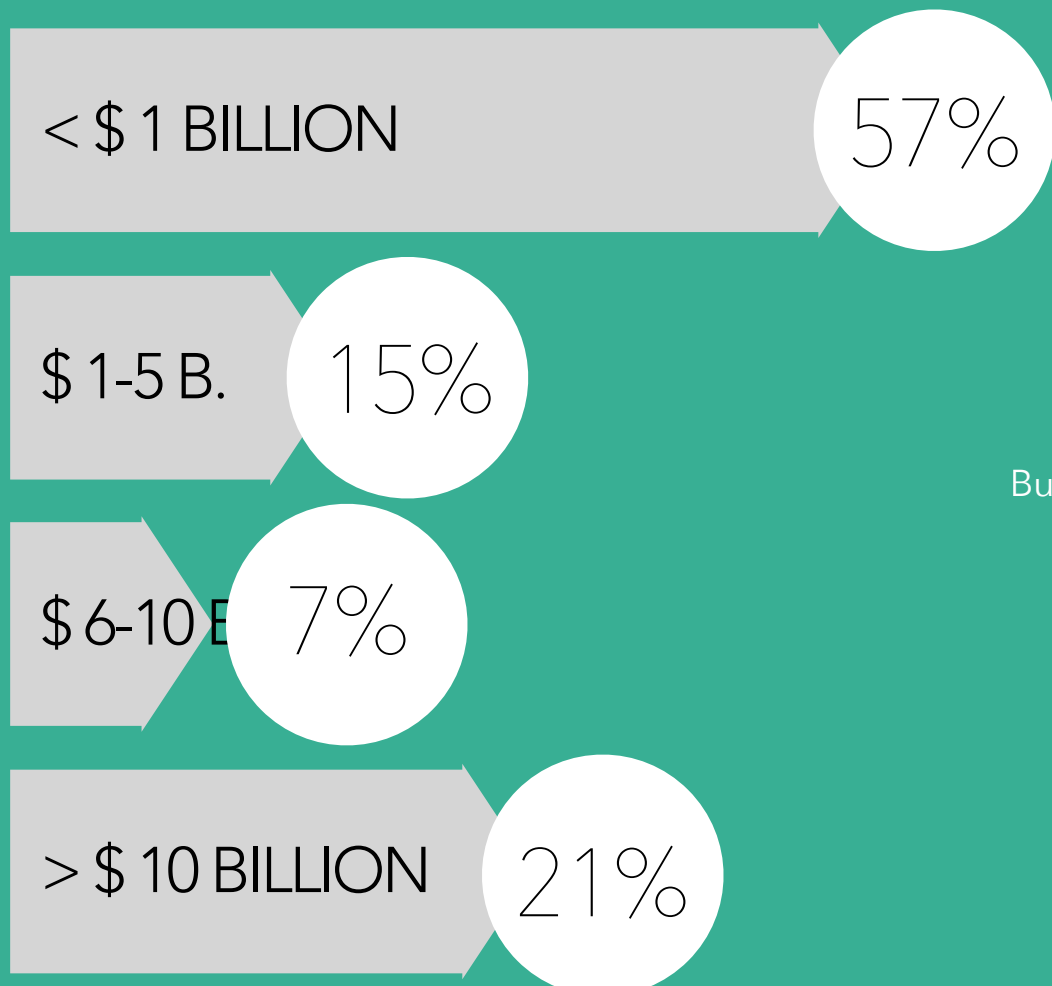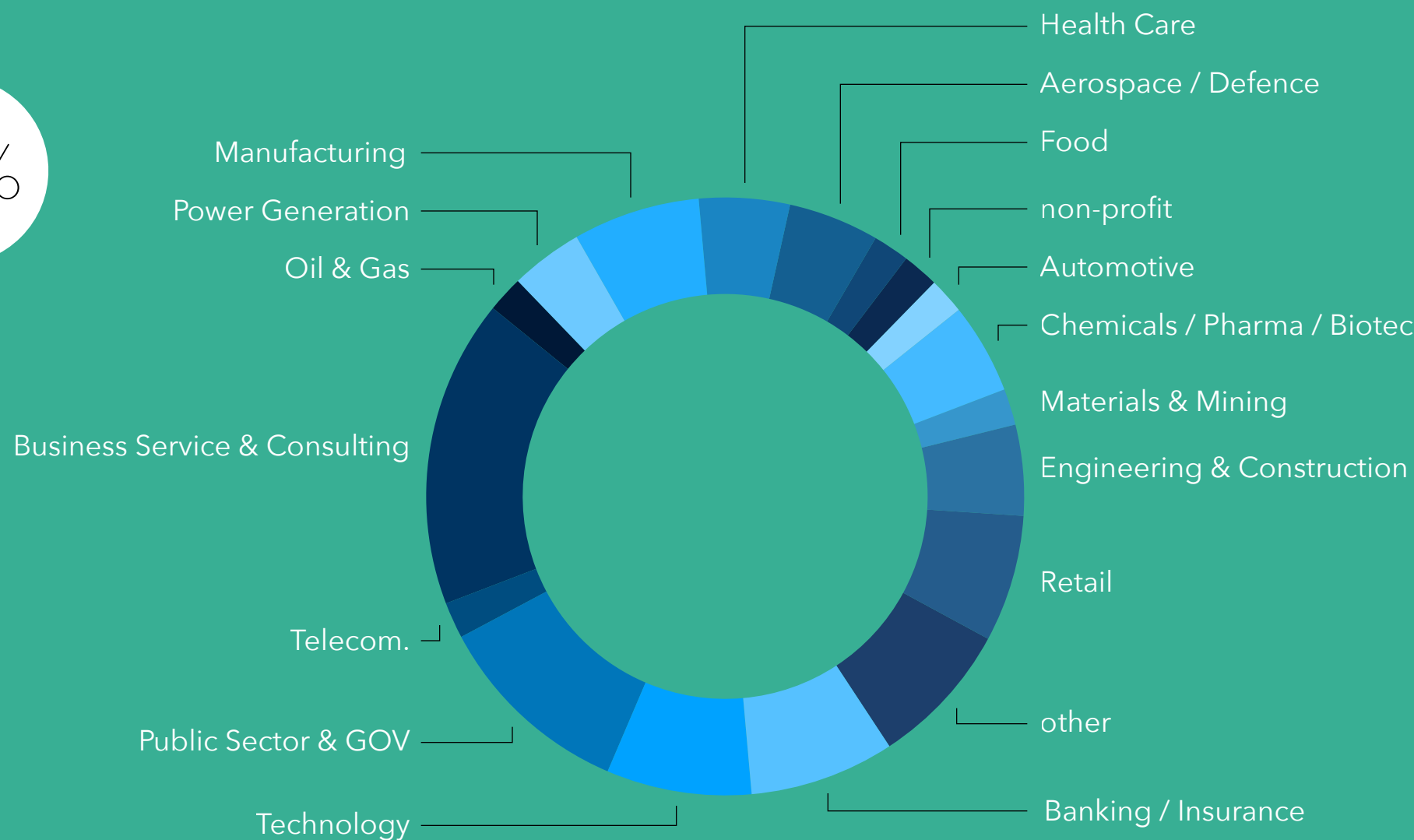
LOCATION OF ORGANIZATION

Respondents where from:

NORTH AMERICA **21%**

EUROPE **32%**

ASIA **12%**

AFRICA & MIDDLE EAST **8%**

SOUTH AMERICA **8%**

AUSTRALIA & NEW ZEALAND **19%**

SIZE OF ORGANIZATION

Respondents organization have an annual revenue in USD)

< $ 1 BILLION **57%**

$ 1-5 B. **15%**

$ 6-10 B **7%**

> $ 10 BILLION **21%**

INDUSTRY

Respondents organization belong to those sectors

- Health Care
- Aerospace / Defence
- Food
- non-profit
- Automotive
- Chemicals / Pharma / Biotec
- Materials & Mining
- Engineering & Construction
- Retail
- other
- Banking / Insurance
- Technology
- Public Sector & GOV
- Telecom.
- Business Service & Consulting
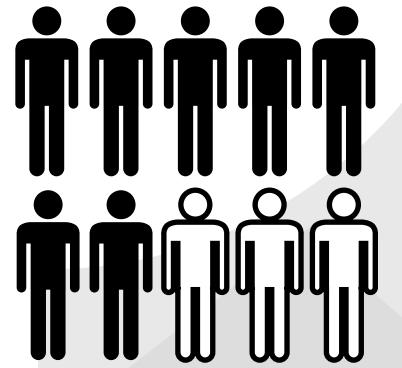- Oil & Gas
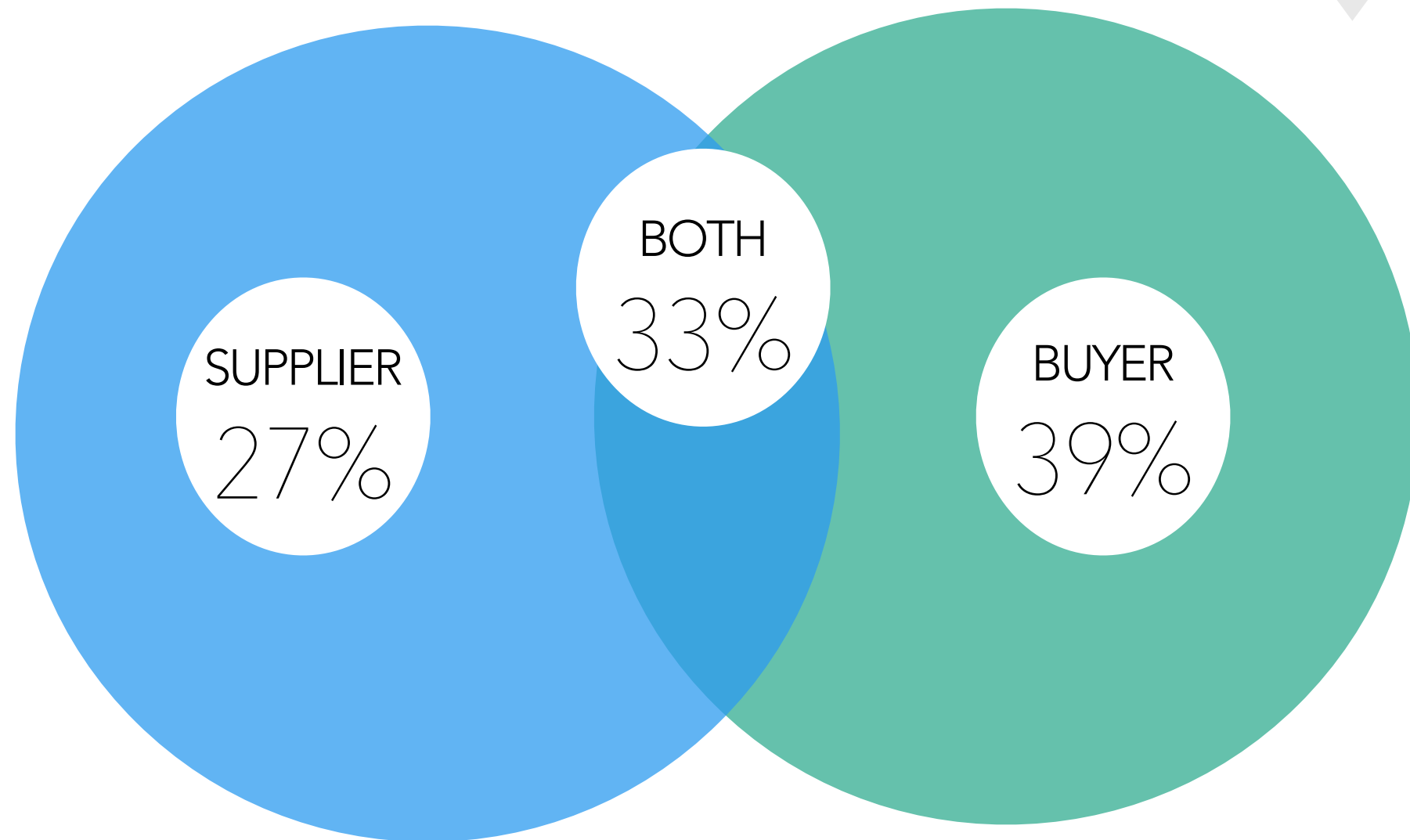- Power Generation
- Manufacturing

RESPONDENT DEMOGRAPHICS

The respondents are very balanced from the buyer- and supplier side. Respondents cover most of the commercial functions.
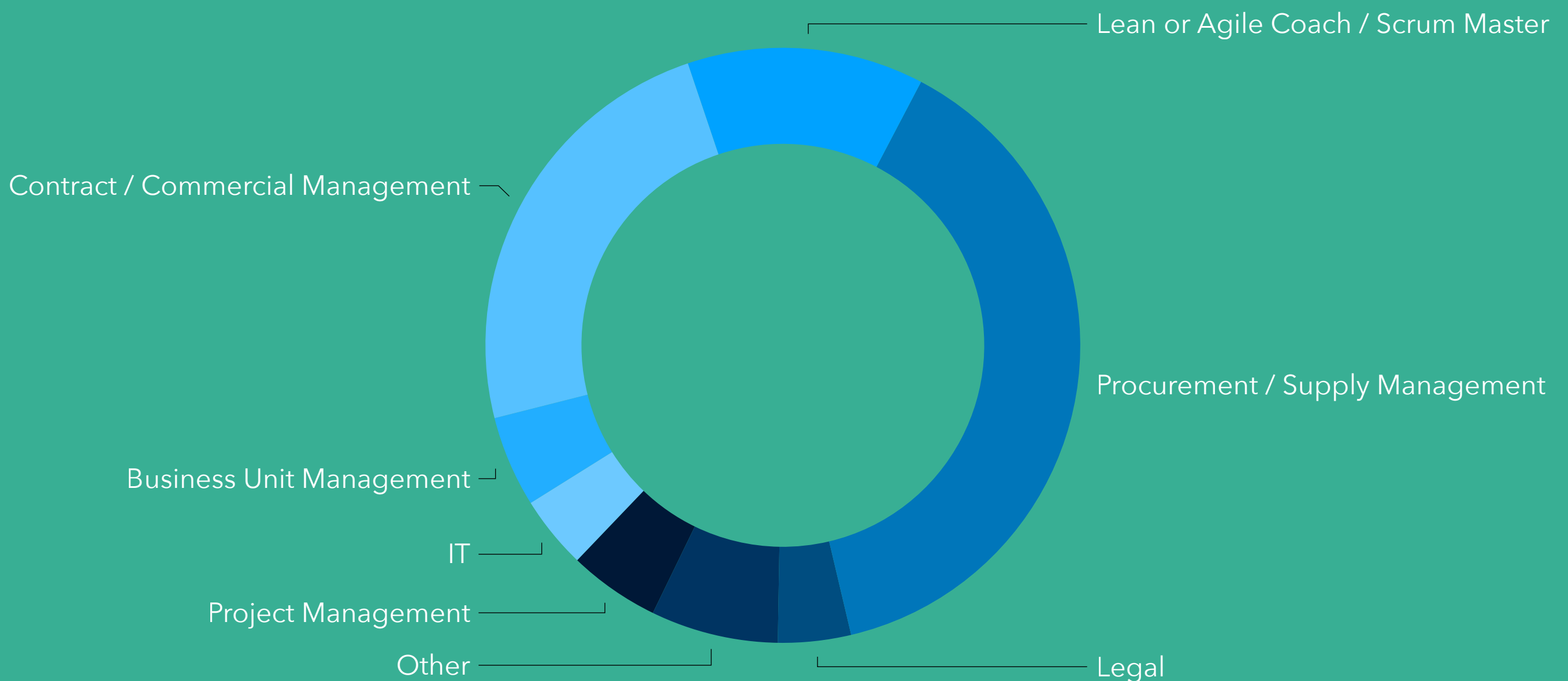
BUYER & SUPPLIER ROLE

The respondents came from the supplier- as well from the buyer side

BOTH
33%

SUPPLIER
27%

BUYER
39%

68%

68% of respondents do most of their business in private sector, which leaves 32% doing their business with public sector / government

FUNCTION

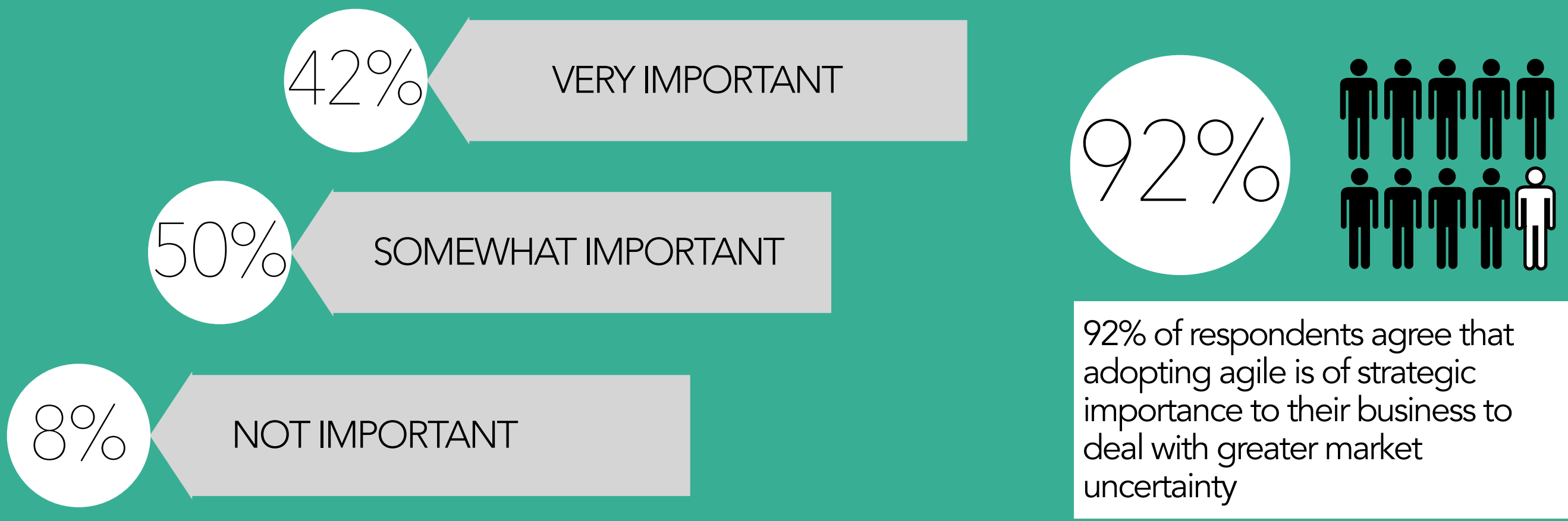The respondents came from the following roles & functions

Lean or Agile Coach / Scrum Master

Contract / Commercial Management

Procurement / Supply Management

Business Unit Management

IT

Project Management

Other
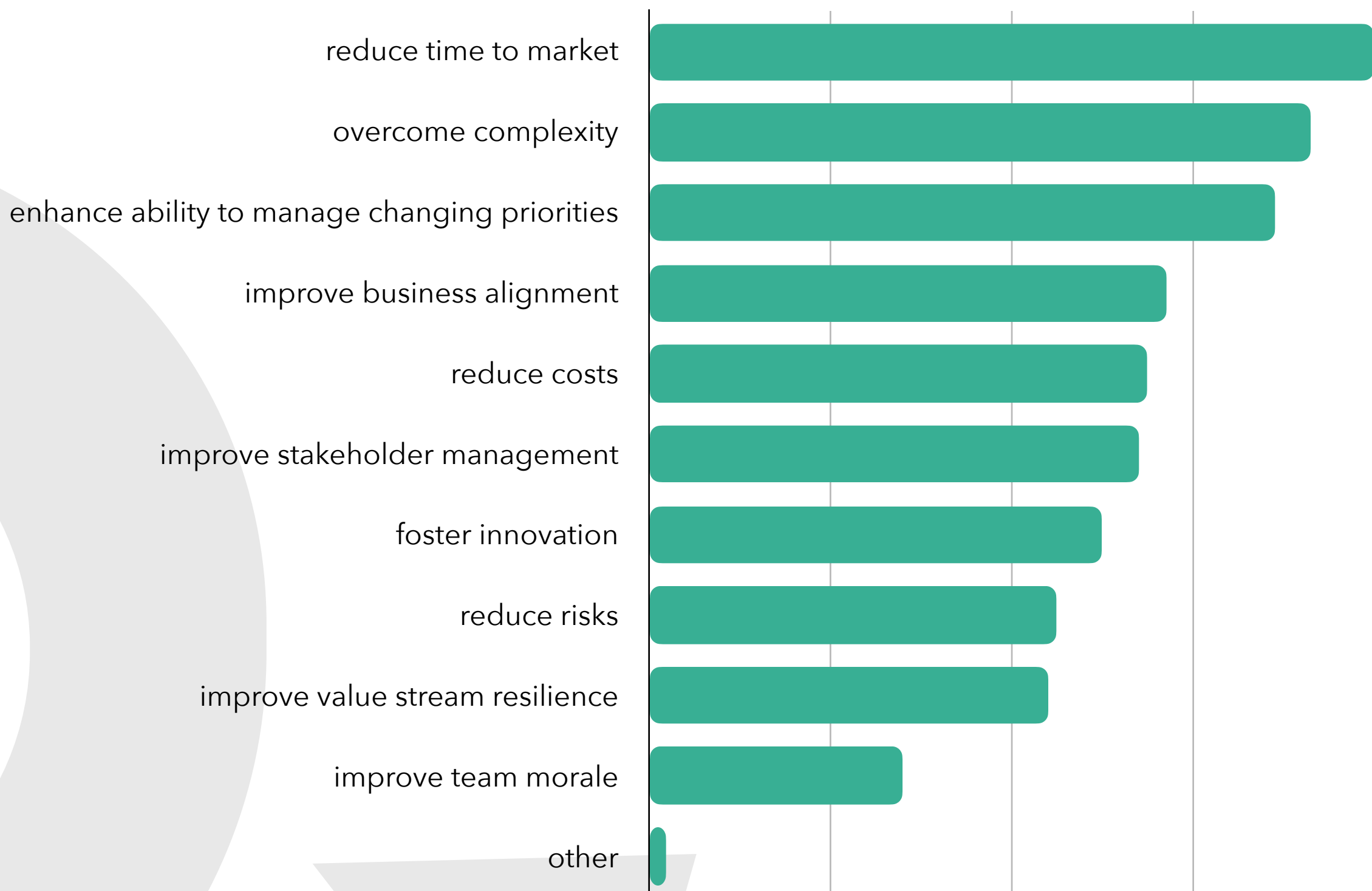
Legal

REASONS FOR ADOPTING AGILE

Both procurement and supply-side respondents agree that Agile adoption is a top priority for executives. It's up by 4% since the 2023 report. The pressing need to protect growth and margins has become even more demanding. Respondents report a need to reduce time to market and manage the complexity of our multi-dimensional increased market uncertainty. For both buyers and suppliers, this means a greater focus on outcomes and value - both of which can change over the life of the relationship. It also means a reduced focus on the traditional aspects of procurement, such as cost, and an increased focus on value.

STRATEGIC IMPORTANCE OF BUSINESS AGILITY

42% VERY IMPORTANT

50% SOMEWHAT IMPORTANT

8% NOT IMPORTANT

92%

92% of respondents agree that adopting agile is of strategic importance to their business to deal with greater market uncertainty

REASONS FOR ADOPTING AGILE

The top 3 reasons for adopting agile are to reduce time to market while overcoming the complexity and enhancing the ability to manage changing priorities or the need. Interestingly, respondents report a greater need to improve their alignment with the business while improving their costs.

Bar chart categories (top to bottom):
- reduce time to market
- overcome complexity
- enhance ability to manage changing priorities
- improve business alignment
- reduce costs
- improve stakeholder management
- foster innovation
- reduce risks
- improve value stream resilience
- improve team morale
- other

PROGRESS IN ADOPTING AGILE

Since the last report, there has been a 15% increase in the number of respondents who have conducted initial experiments or pilots as part of their agile transformation. However, the involvement of strategic partners in the adoption is still at a very low level. At the same time, the approach to transformation is becoming more professional, with less need for external support. Furthermore, it remains similar, indicating that the majority of respondents are not receiving sufficient executive support to become agile. This lack of executive commitment to driving change is a risk to its speed and effectiveness. In addition, failure to engage key partners in the transformation will limit the benefits that can be achieved from implementing agile across the value chain.

MATURITY LEVEL OF YOUR TRANSFORMATION

81% of respondents are at some stage of an agile transformation within their overall organization, a growing minority has coordination at a company level, but just 5% include their external trading partners.

81%

32% **17%** **14%** **15%** **5%** **19%**

81%

STAGE 1
First experiences with agile practices

STAGE 2
Successful pilot projects

STAGE 3
Agile trans-formation of function initiated

STAGE 4
Agile trans-formation coordinated on company level

STAGE 5
Agile trans-formation includes partners

OTHER
We haven't started our Agile Journey / new ways of working yet

TRANSFORMATION APPROACH

In spite of the strategic importance of becoming agile, just 16% have established an executive action team to lead the transformation top down.

34% **26%** **10%** **16%** **14%**

Do it yourself or guidance by internal agile coaches

Cross-functional transformation team

Guidance by external agile coaches

Executive Action Team

Other or no approach

AGILE MATURITY

57% of those who have not yet started to adopt agile have plans to start their agile transformation. On the other hand, a huge 43% of respondents have not yet adopted agile and have no immediate plans to do so. This is in stark contrast to the 92% who said that business agility is of strategic importance.

ADOPTION PLANS OF THOSE WHO HAVEN'T STARTED YET

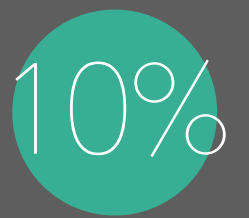57% or respondents are starting or plan to start adoption within next 12 months

43%
Not yet & no immediate plans

31%
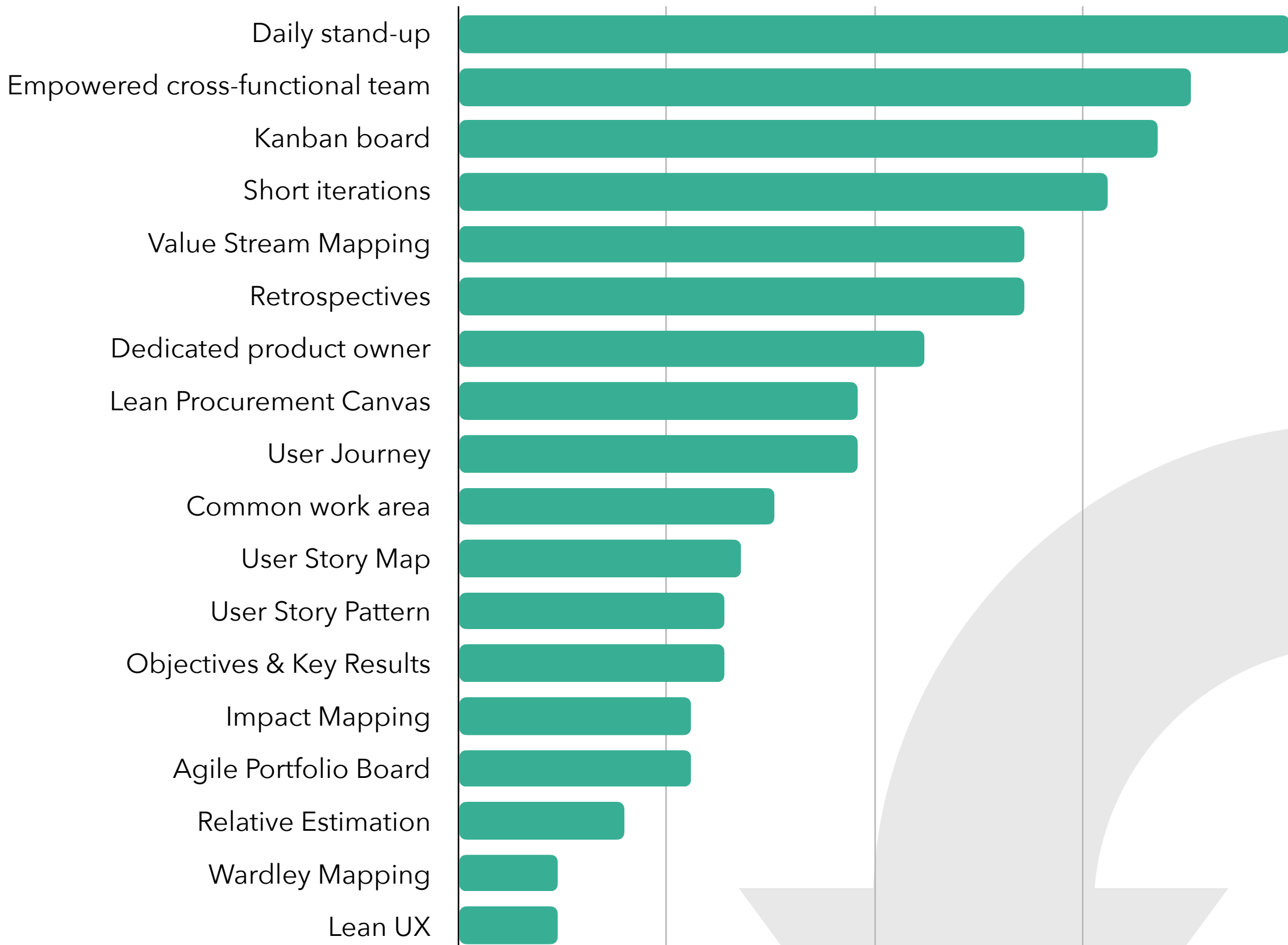About to start adoption

15%
Plan to start adoption within next 6 months
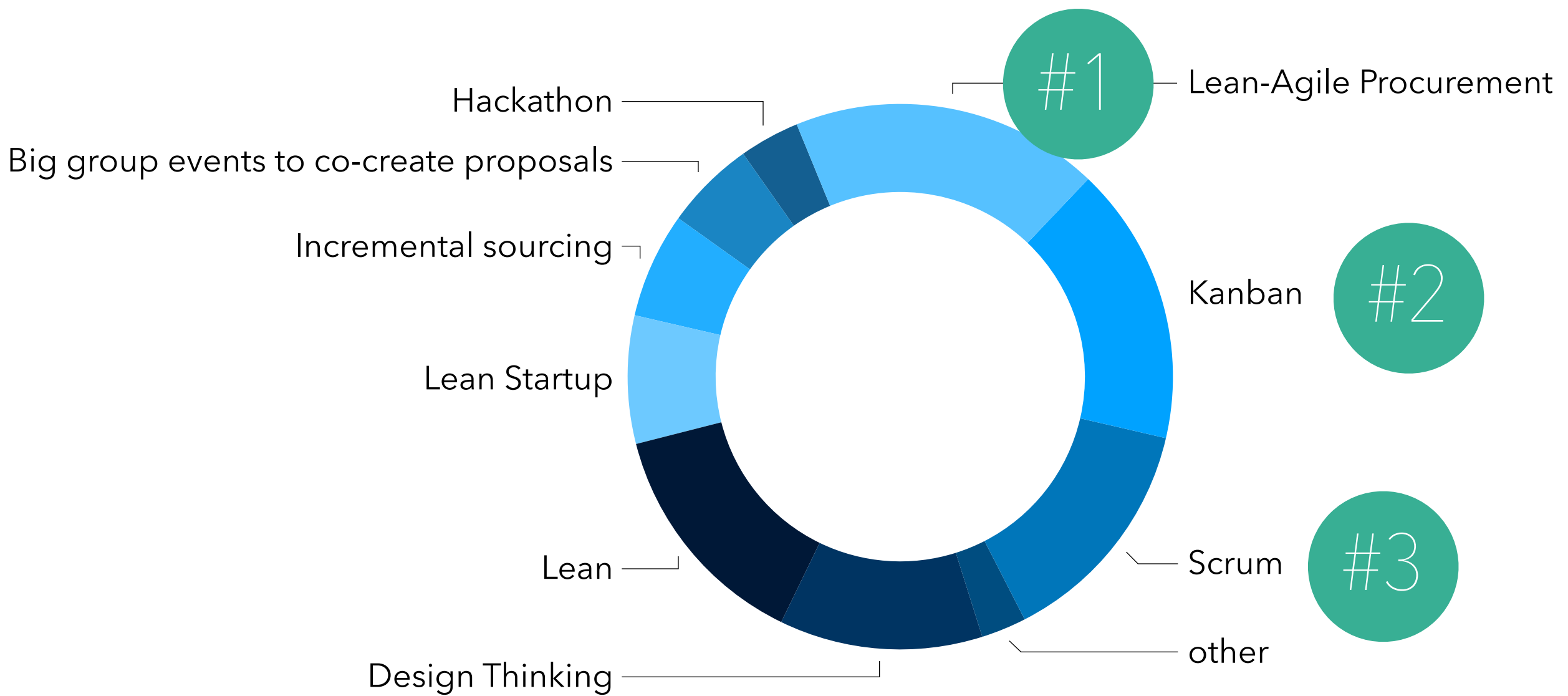
10%
Plan to start adoption within next 12 months

AGILE TECHNIQUES

The top 3 agile techniques are the daily stand-up, an empowered cross-functional team and the application of a Kanban Board.

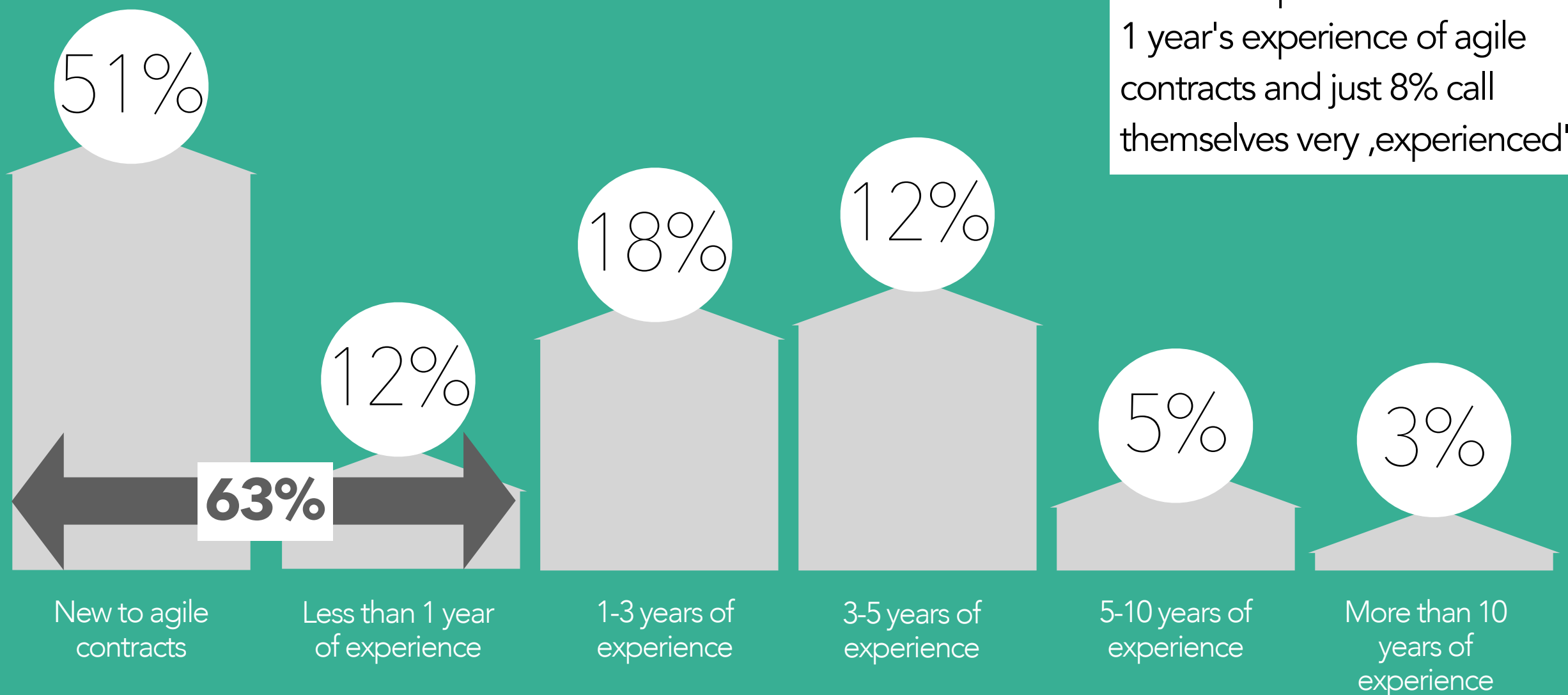| Technique	
Daily stand-up	
Empowered cross-functional team	
Kanban board	
Short iterations	
Value Stream Mapping	
Retrospectives	
Dedicated product owner	
Lean Procurement Canvas	
User Journey	
Common work area	
User Story Map	
User Story Pattern	
Objectives & Key Results	
Impact Mapping	
Agile Portfolio Board	
Relative Estimation	
Wardley Mapping	
Lean UX	

AGILE MATURITY

In general, this year's results show that most agile initiatives continue to use long-established methods such as Scrum and Kanban. Lean Agile procurement appears to be the new industry standard in both procurement and supply. As more organisations join the agile adoption bandwagon, the number of respondents reporting that they are new to agile contracting has increased by 10% to 63% compared to the 2023 report.

AGILE PRACTICES IN PROCUREMENT OR SALES

The respondents used or plan to use the following agile methodologies to improve their sourcing or sales.

Hackathon

Big group events to co-create proposals

Incremental sourcing

Lean Startup

Lean

Design Thinking

#1 Lean-Agile Procurement

#2 Kanban

#3 Scrum

other

EXPERIENCE IN AGILE CONTRACTS

63% of respondents have less than 1 year's experience of agile contracts and just 8% call themselves very ‚experienced'.

51% — New to agile contracts

12% — Less than 1 year of experience

63%

18% — 1-3 years of experience

12% — 3-5 years of experience

5% — 5-10 years of experience

3% — More than 10 years of experience

AGILE CONTRACTS

98% of respondents said that agile contracts had a neutral to positive impact on their business. Today, their starting point is usually a standard template, although it's questionable whether these templates are traditional contracts. The majority of respondents (72%) confirmed that Agile contracts are important for specific terms and conditions regarding communication, collaboration, problem solving and other terms and conditions that support effective Agile collaboration.

USED CONTRACT TERMS

Other

Terms provided by an external party (e.g. Law firm)

The supplier's terms with amendments

A set of model terms we have developed specifically for agile

One of our standard templates (e.g. MSA)

A standard template with amendments

72%

72% of respondents terms use specific obligations regarding communication, reporting, joint working, problem solving and other terms that support effective Agile collaboration.

AGILE CONTRACT LEAD TO BETTER BUSINESS OUTCOMES

Agile Contracts have a positiv business impact and minimize risk.

0%
Strongly disagree

2%
Disagree

40%
Neutral

39%
Agree

18%
Strongly Agree
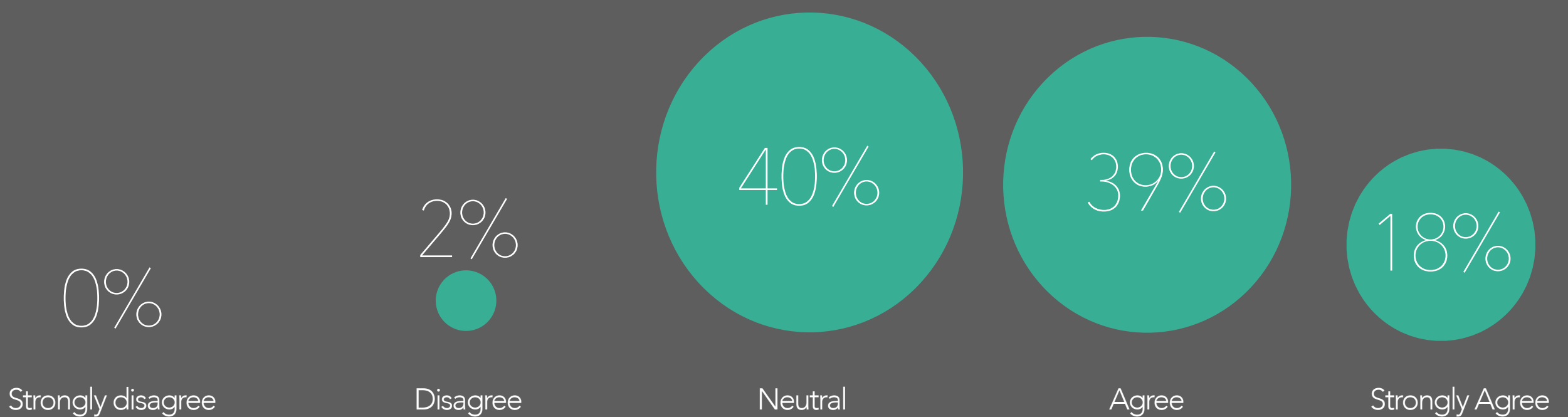
AGILE CONTRACTS

Agile contracts appear to be relatively new to the majority of respondents' organisations. There seems to be a lot of catching up to do, as respondents didn't feel confident in managing Agile contracts. In contrast to traditional contracts, respondents agreed that soft skills are just as important when building Agile partnerships to tackle complex problems.
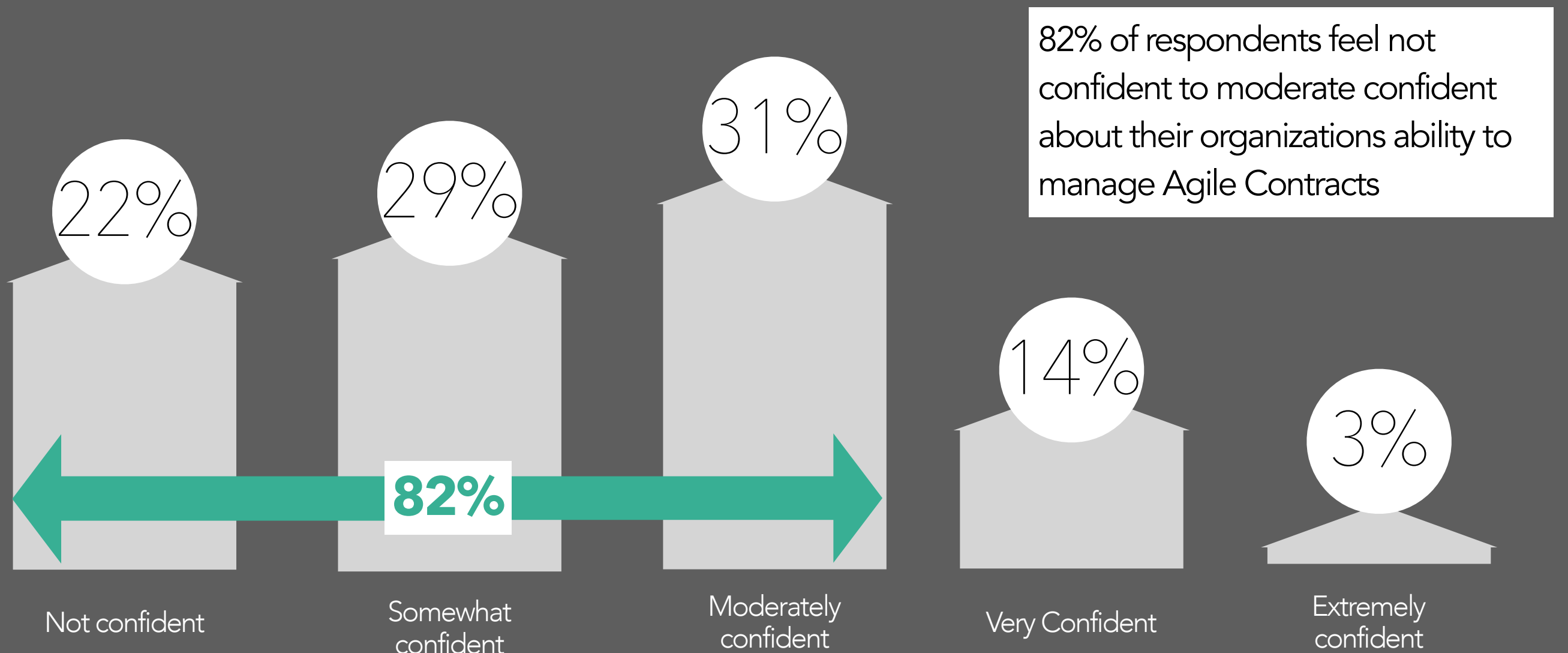
IMPORTANT SKILLS FOR AGILE CONTRACTS

The top 3 skills for Agile Contracts are „Flexibility and adaptability", „Communication skills" along with „Skills in Agile Values & Principles" and „Leadership Skills to create the Psychological Safety between all parties". In other words more important to the technical knowledge what agile and agile contracts are were the soft skills highlighted by the respondents.

Technical understanding of agile methodologies

Flexibility and adaptability
#1

Conflict resolution skills

Leadership Skills to create the Psychological Safety between all parties
#3

Skills in Agile Values & Principles

Communication skills
#2

Negotiation skills
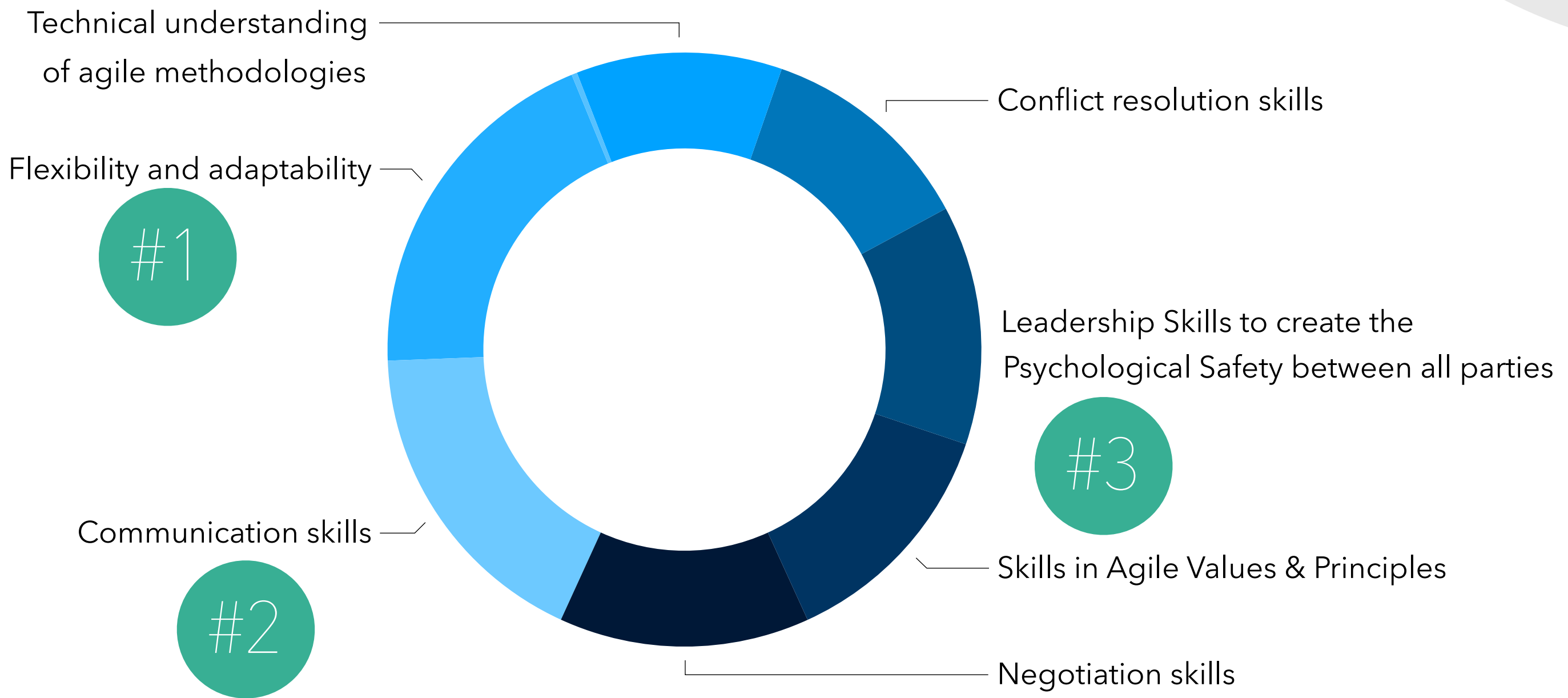
ORGANIZATION'S ABILITY TO MANAGE AGILE CONTRACTS

Majority of respondents reported that their organizations ability to manage Agile Contracts is still in their children shoes.

82% of respondents feel not confident to moderate confident about their organizations ability to manage Agile Contracts

22%

29%

31%

14%

3%

82%

Not confident

Somewhat confident

Moderately confident

Very Confident

Extremely confident

ADAPTIVE PARTNER ECOSYSTEM

As Ugur Sahin, CEO BioNtech recently said: "When the need is urgent like when the world needs a new vaccine, there's no time for contracts." The alliance between BioNtech, Pfizer and Fosun Pharma was founded on 'trust-based collaboration' – a strong focus on shared governance and open, honest communication. In an environment of extreme uncertainty, establishing a formal contract may either take too long or even be impossible to achieve. Therefore, establishing an adaptive governance framework that draws on agile principles is an intelligent way to ensure control, manage risk and create certainty. These 'trust-based collaborations', or 'Adaptive Partner Ecosystems' are much more flexible and resilient as current supply chains and are being increasingly applied along the entire value strean.

NEED OF INCLUDING MULTIPLE PARTNERS

Respondents recognize the need for more adaptive relationships to fill competency gaps

49%

Likely - we already have a supply chain

33%

Very likely - our supply chain is not enough any more, we'll need to collaborate with our partners much closer

18%

Not at all - we have all competences / resources in-house

82%

82% of respondents recognize the growing need to work within coordinated supply networks or ecosystems

SCENARIO'S FOR COLLABORATION WITH MULTIPLE PARTNERS

Similar to last years report the top 3 scenarios where the respondents reported they have to collaborate with multiple partners to solve their problems are in innovation, go to market and production. In general, the scenarios of cross-company collaboration along the entire product lifecycle are quite distributed. We do See evidence of a clear need both in big corporations as well as SME or startups.
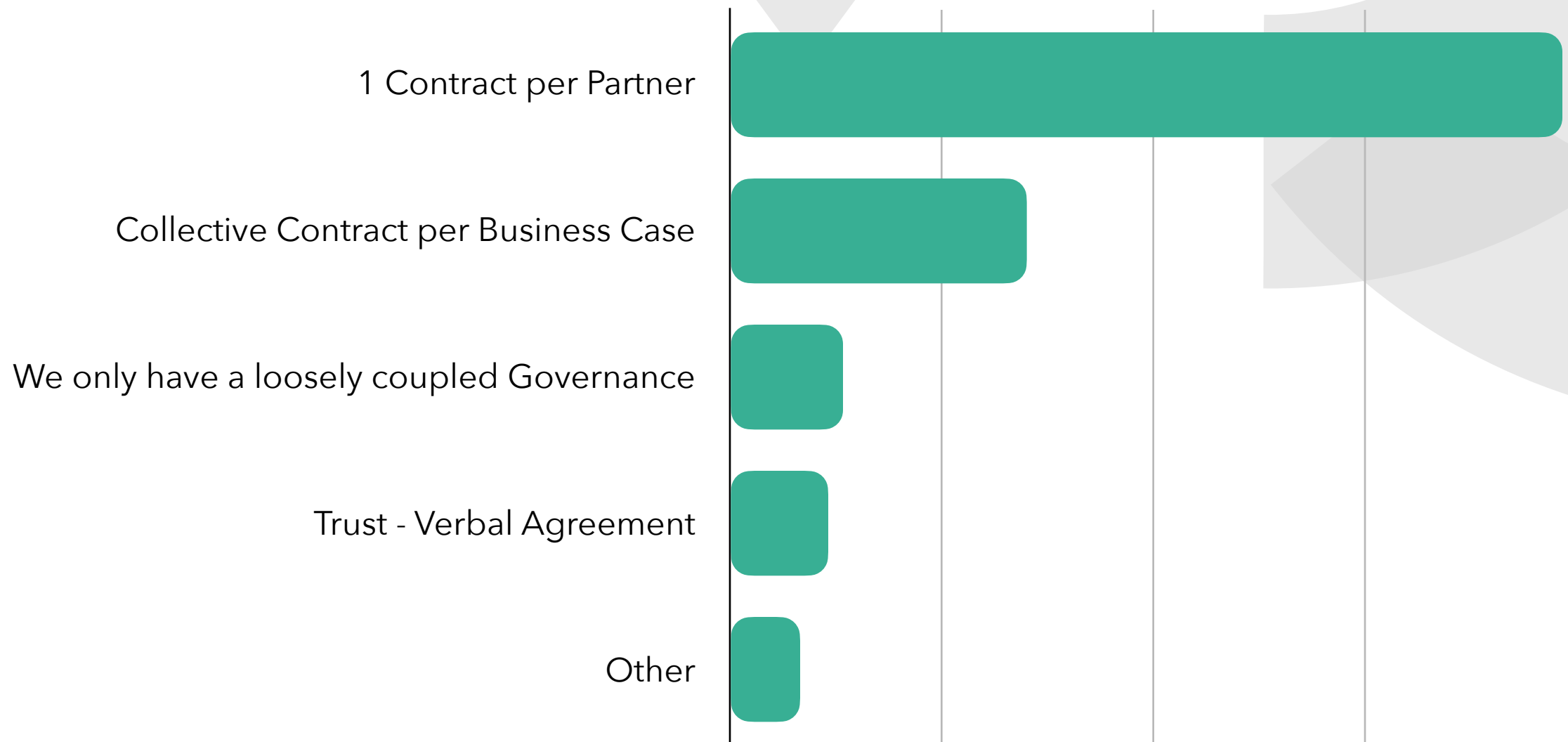
Other

Innovation

#1

#3

Production

Market research

#2

Go to Market

Sales & Marketing

R & D
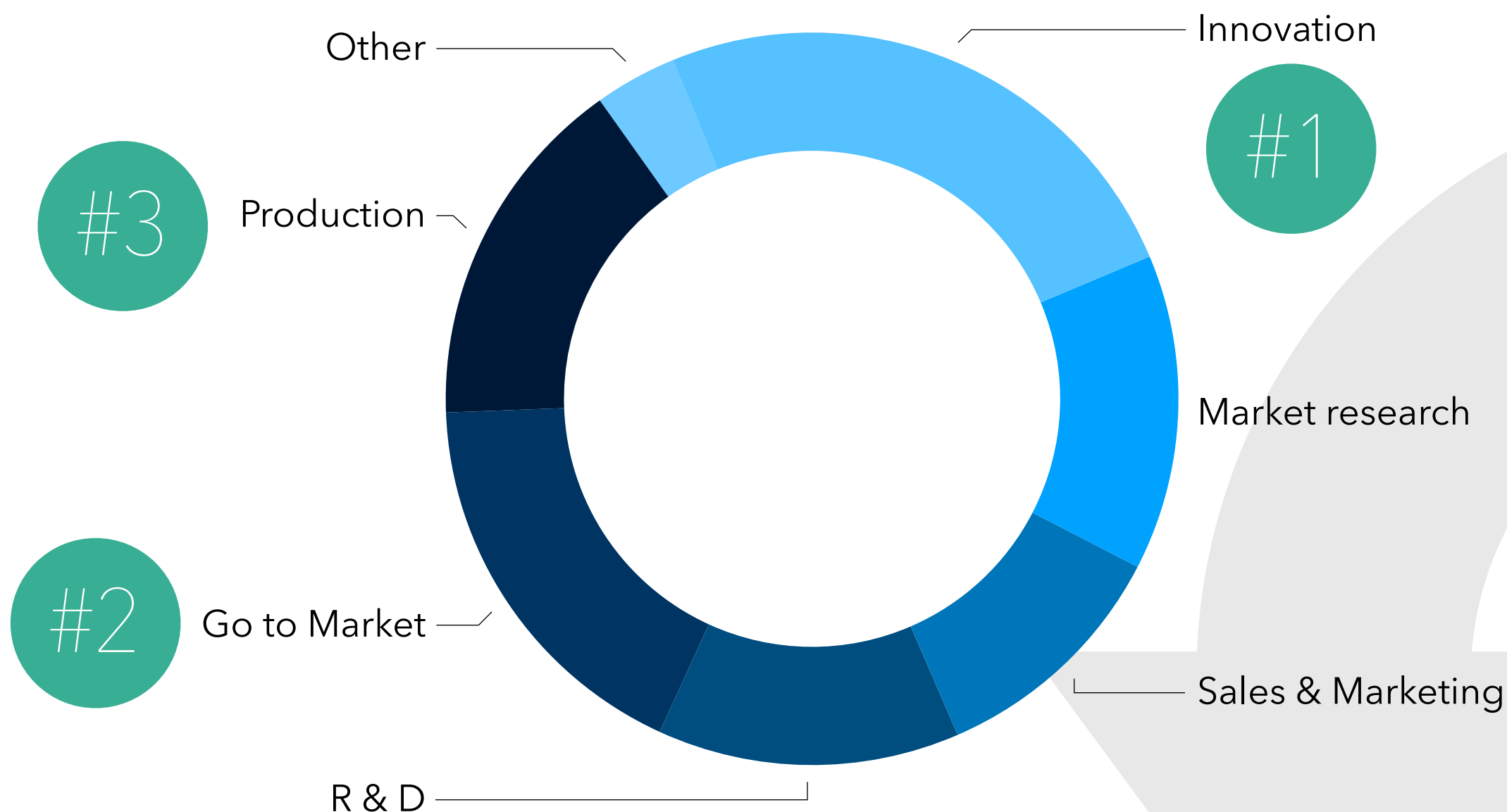
ADAPTIVE PARTNER ECOSYSTEM

Despite the clear need for adaptive partner networks or ecosystems, the approach to contracting has not changed much. However, almost a third are using more adaptive techniques.
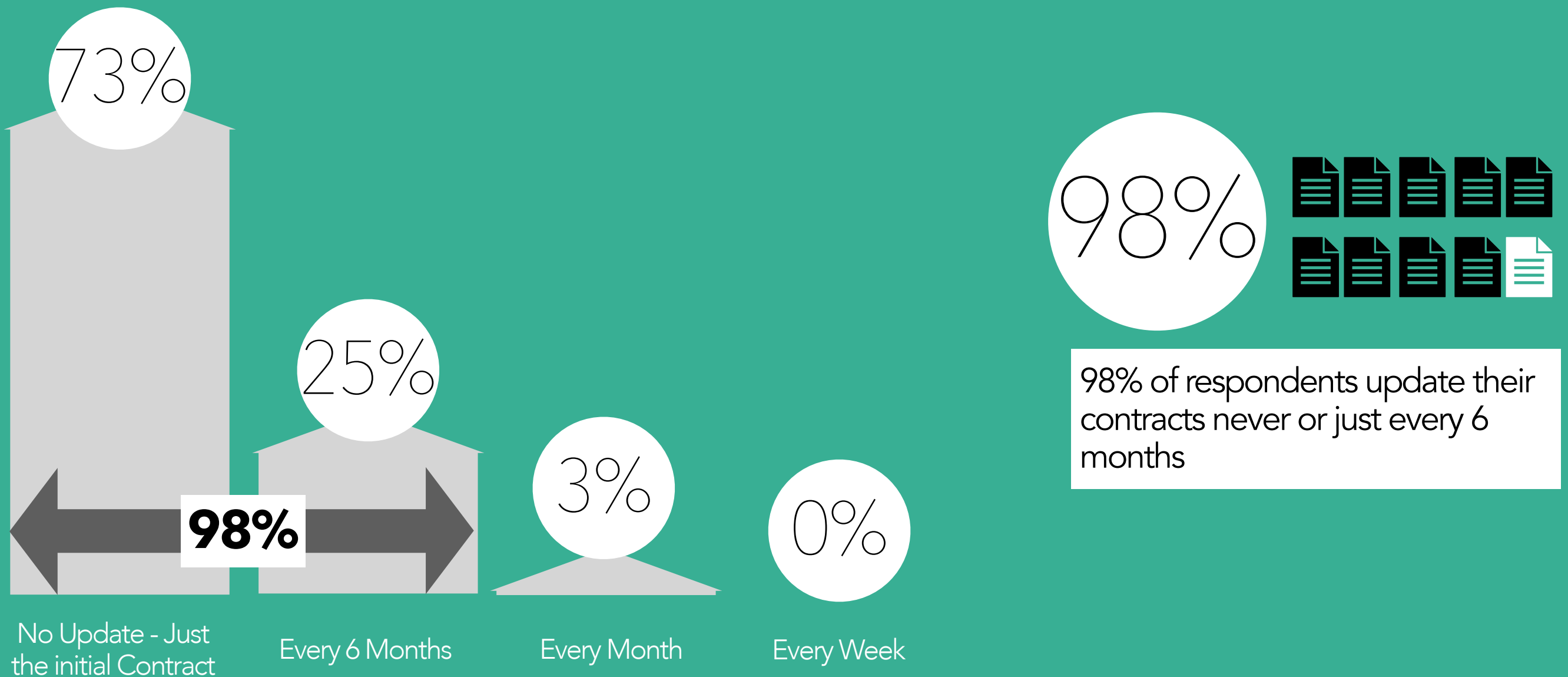
CONTRACT STRATEGY

The most common multi-partner contracting strategy (59%) is still 1 contract per partner. In comparison to the 2023 report a growing minority of respondents said they had a collective contract with multiple partners (21%) and one in eight are operating some relationships either without any formal agreement (7%) or through a governance framework only (8%).

- 1 Contract per Partner
- Collective Contract per Business Case
- We only have a loosely coupled Governance
- Trust - Verbal Agreement
- Other

CADENCE OF CONTRACT UPDATES

Very few companies (3%) have the agility to update their contracts that are required in an adaptive multi-partner ecosystem.
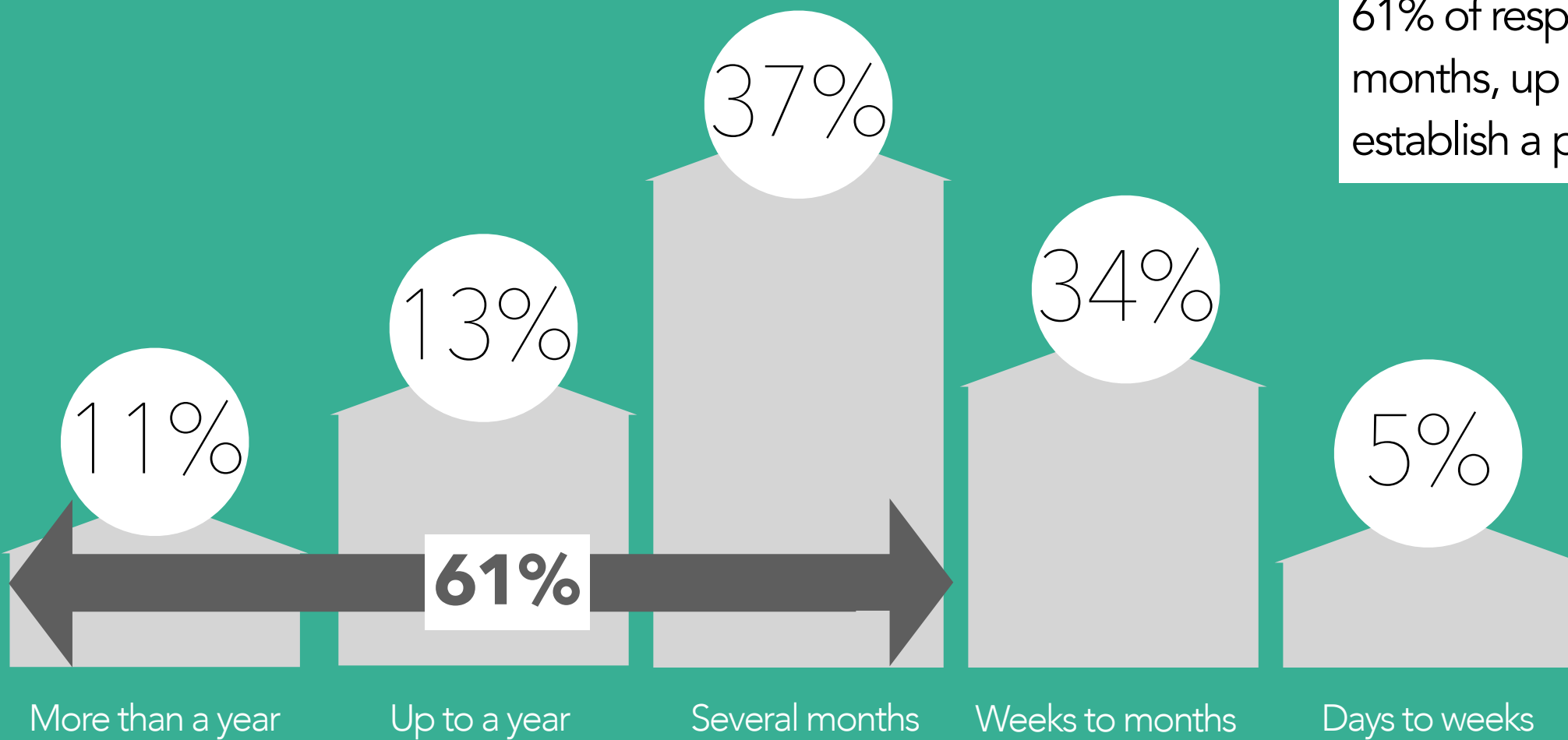

73%

25%

98%

No Update - Just the initial Contract

3%
Every 6 Months

0%
Every Month

Every Week

98%
98% of respondents update their contracts never or just every 6 months

ADAPTIVE PARTNER ECOSYSTEM

Although respondents articulated a clear need for cross-enterprise collaboration, the majority of respondents indicated that they would be quite slow to mobilise a new multi-partner ecosystem. It seems that approaches are still quite traditional and that agile approaches haven't been adopted yet.

MOBILIZATION OF A NEW PARTNER ECOSYSTEM

37%

13%

34%

11%

5%

61%

61% of respondents need several months, up to a year and more to establish a partner ecosystem.

| More than a year | Up to a year | Several months | Weeks to months | Days to weeks |

CHALLENGES TO ESTABLISH A NEW PARTNER ECOSYSTEM

In addition to IP and internal compliance, the biggest challenges to building a new multi-partner ecosystem are reported to be more on the soft side, such as trust and cultural and social fit between the people involved in the partnership.

- Trust
- Cultural & social Fit
- Intellectual Property
- Internal Compliance
- Finding the right Person per Company
- Sharing internal Data
- Time-to-Market
- Profit Sharing
- NDA
- Other

AGILE TRANSFORMATION ACROSS COMPANIES

According to the respondents, Agile Transformation still appears to be a relatively new approach to improving business agility along the supply chain. Almost half of the respondents have no plans to involve strategic partners/suppliers in their Agile transformation. Another indicator that this is still new is that the joint activities are more at the level of knowledge sharing and joint training than a joint strategic Agile transformation or even a seamless organisational integration across companies.
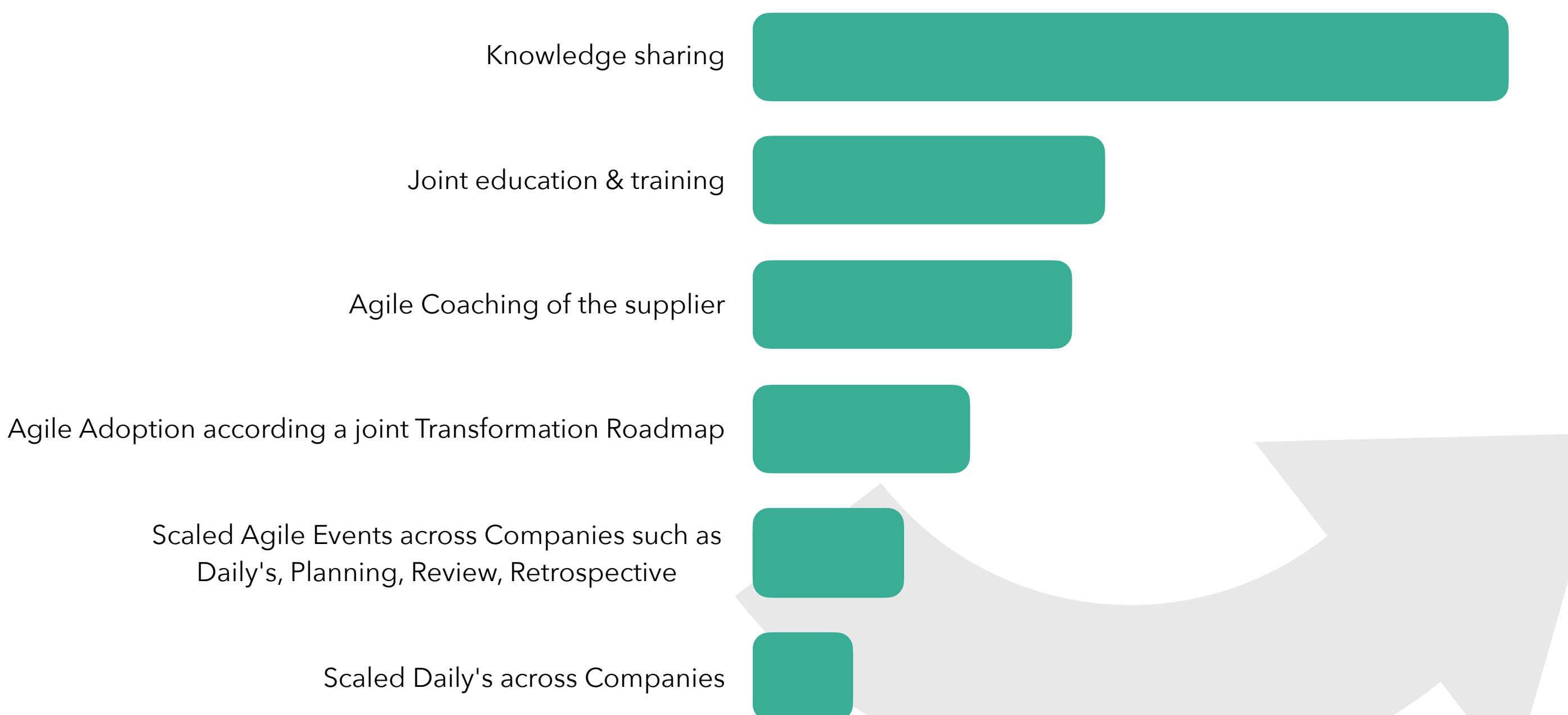
STRATEGIC PARTNERS INCLUDED IN AGILE TRANSFORMATION

54% of respondents reported that they have plans or already have included strategic partners / suppliers in their Agile Transformation.

46%	20%	10%	13%	9%	1%
None - no plans to include them yet	None - we do have plans to include them in the next 3-6 months	1 strategic partner	2-3 strategic partners	3-5 strategic partners	5+ strategic partners, all our partners in the supply chain are involved and become agile too

## JOINT ACTIVITIES TO IMPROVE BUYER OR SUPPLIER AGILITY

The top 3 joint activities to improve both buyer and/or supplier Agility are „Knowledge sharing", „Joint education" and „Agile Coaching of the supplier".

- Knowledge sharing
- Joint education & training
- Agile Coaching of the supplier
- Agile Adoption according a joint Transformation Roadmap
- Scaled Agile Events across Companies such as Daily's, Planning, Review, Retrospective
- Scaled Daily's across Companies

AGILE TRANSFORMATION ACROSS COMPANIES

According to respondents, the majority of organisations are only experimenting with Agile transformation at the team/project/product level. Very few report that multiple service/product lines are undergoing strategic alignment towards business agility.

LEVEL OF SUPPORT

Very few companies (13%) give the strategic support by the c-level.

69%

18%

13%

87%

Team-/Project Level

Departement-/Product Level

C-Level

87%
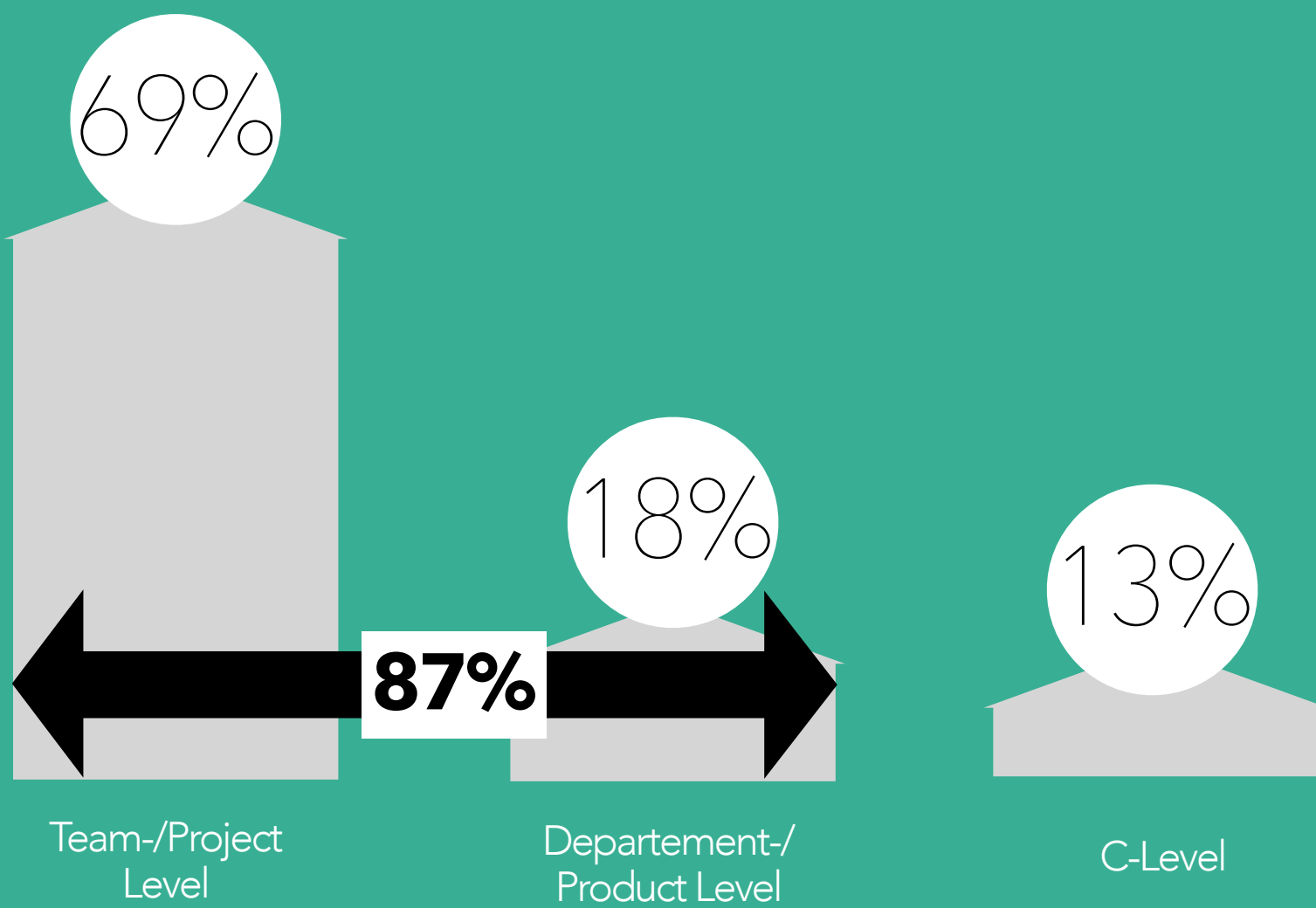
87% of respondents support their cross-company transformation on Team-/Project-Level to Departement-/Product Level only

SCOPE OF AGILE TRANSFORMATION ACROSS COMPANIES

Majority of respondents organizations have just started to exchange on Agile Transformation across Companies and so have no joint scope defined.

72%

20%

8%
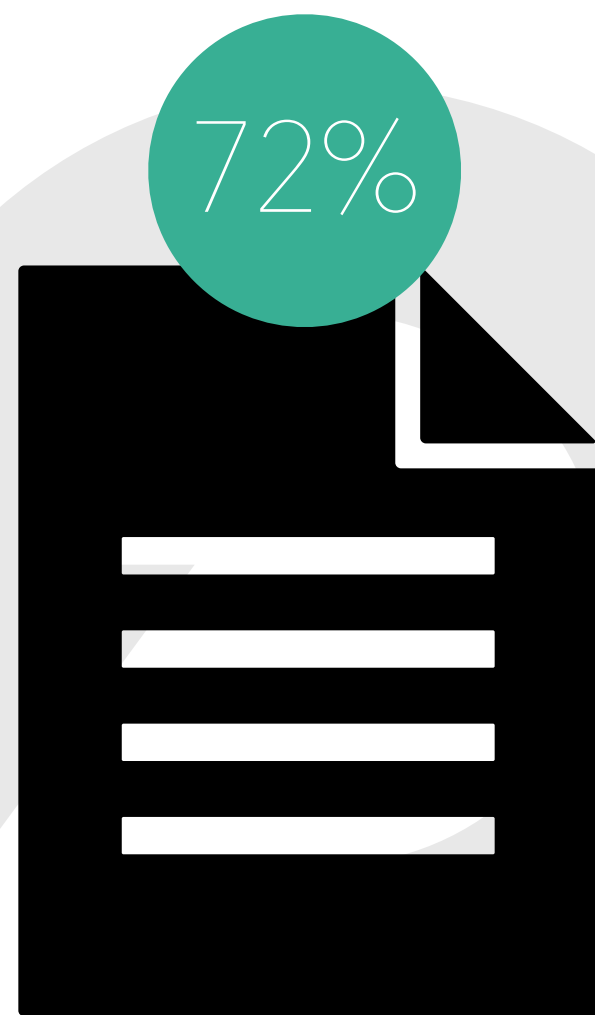
No joint scope defined yet, just started to exchange on Agile
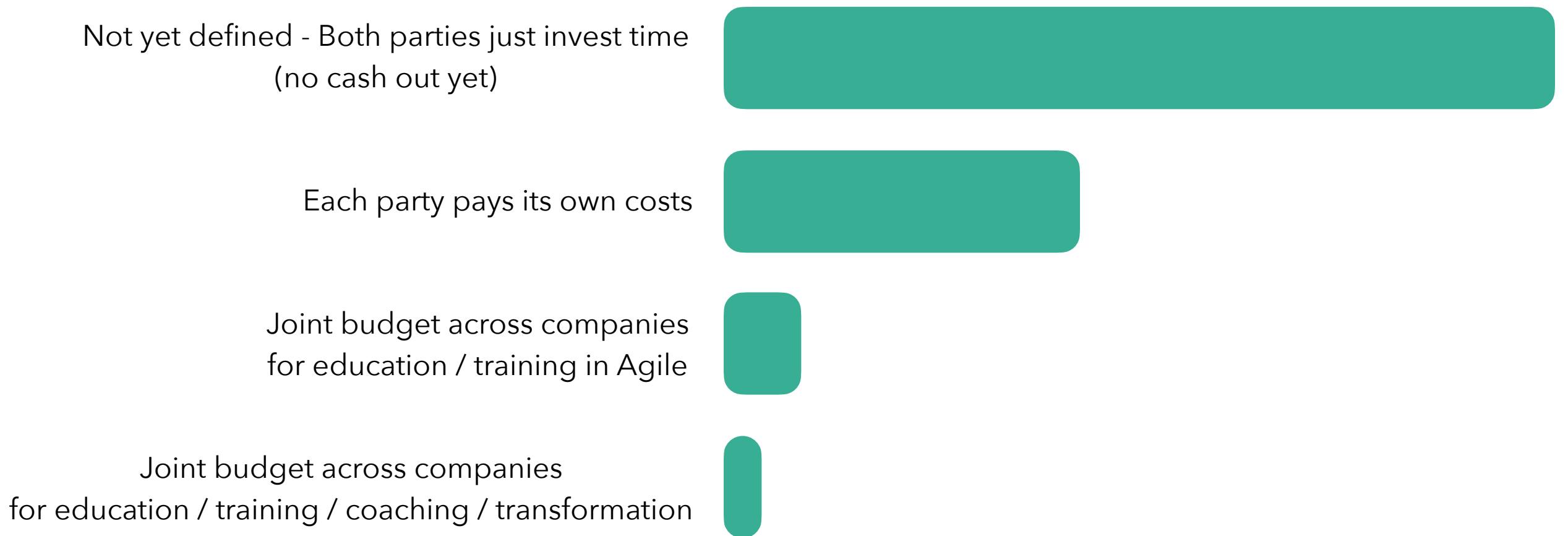
Joint improvement of a single Team / Service / Product

Joint improvement of multiple Teams / Lines of Services & Product lines

AGILE TRANSFORMATION ACROSS COMPANCIES

The evidence on Agile transformation in organisations is consistent with the way in which the parties deal with costs. As most organisations are still in the early stages, it makes sense that only a few have already adopted a shared cost mechanism, while most organisations are still mainly investing their time and/or covering their own costs.

COST-SHARING OF JOINT AGILE TRANSFORMATION

According to respondents that are in an Agile Transformation across Companies most of the parties just invest time (no cash out yet) or covers it's own costs.
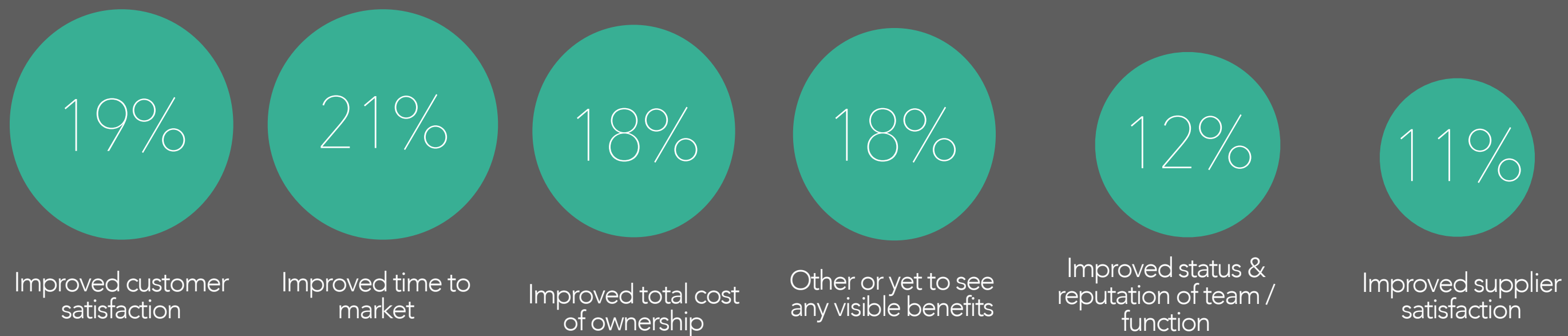
Not yet defined - Both parties just invest time (no cash out yet)

Each party pays its own costs

Joint budget across companies for education / training in Agile

Joint budget across companies for education / training / coaching / transformation

BENEFITS FROM ADOPTING AGILE

Respondents confirm that the adoption of Agile has a significant positive impact on all "players" along the entire value chain. Compared to the previous report, "improving total cost of ownership" has moved into the top 3 benefits of adopting agile. In contrast to previous reports, lack of knowledge/skills/experience with agile methods has risen to the number one challenge to adopting agile.
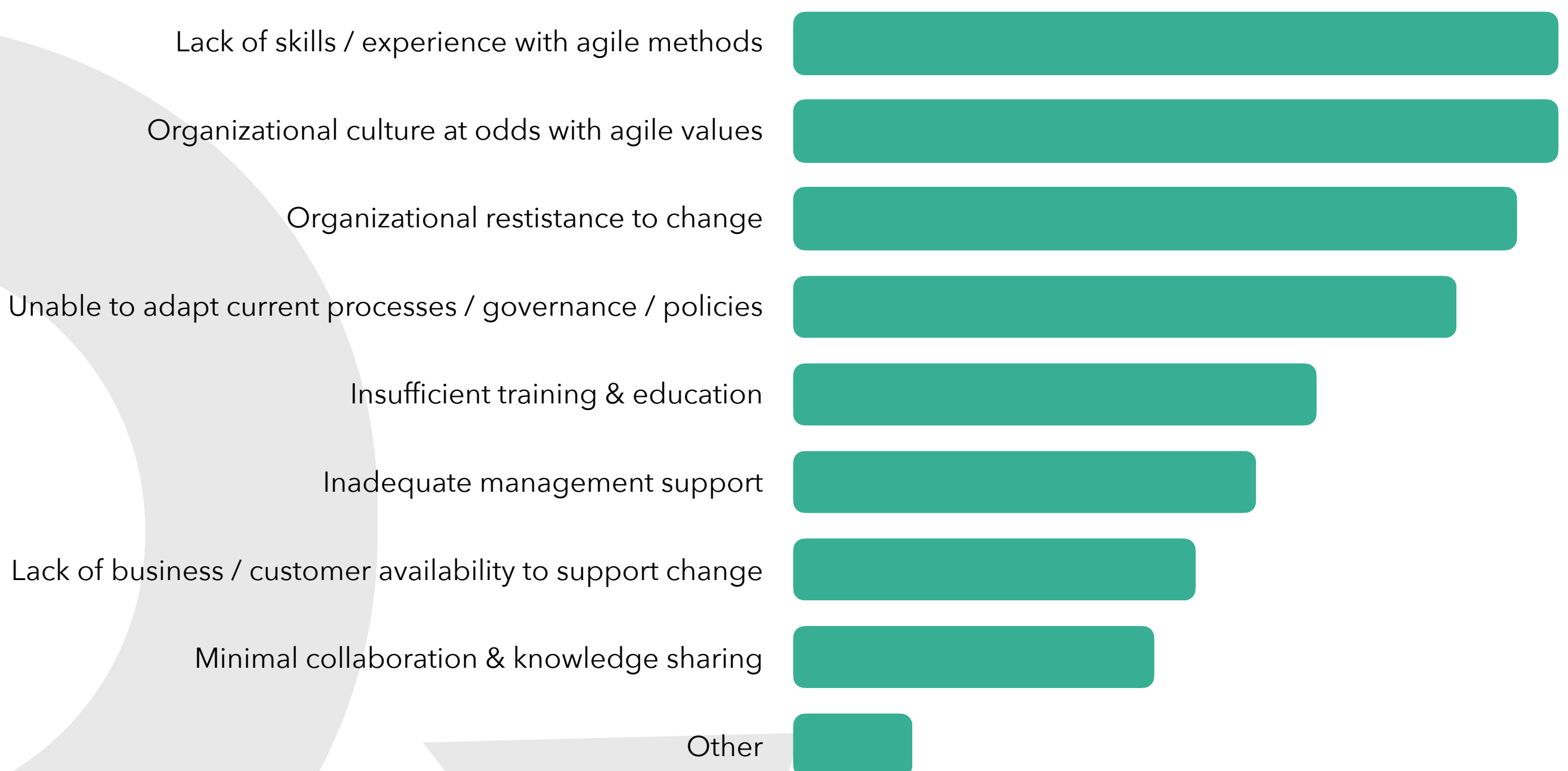
BENEFITS FROM ADOPTING AGILE

Respondents reported significant improvements that have resulted from their adoption of agile working practices in procurement/sales.

19%	21%	18%	18%	12%	11%
Improved customer satisfaction	Improved time to market	Improved total cost of ownership	Other or yet to see any visible benefits	Improved status & reputation of team / function	Improved supplier satisfaction

CHALLENGES ADOPTING AGILE

The top 3 barriers to agile adoption are lack of knowledge, organizational resistance to change and the challenge of changing mindsets.

- Lack of skills / experience with agile methods
- Organizational culture at odds with agile values
- Organizational restistance to change
- Unable to adapt current processes / governance / policies
- Insufficient training & education
- Inadequate management support
- Lack of business / customer availability to support change
- Minimal collaboration & knowledge sharing
- Other

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TOP COMMERCIAL PRIORITIES

Priorities are identical in Procurement and Supply, with 'digitalization' taking top place for both. It is clear that most groups are still on the journey to improve underlying capabilities and establish the systems and behaviors needed for more agile or adaptive operations. Splitting up the results by industry unveils that certain industry are already beyond digitalization and so with a high priority on their Agile Transformation of the commercial functions or even the Agile transformation across Companies.

TOP 3 STRATEGIC PRIORITIES BY INDUSTRY

Across industries, respondents ranked the following as priorities in their commercial processes, alongside digitalization: training and recruiting, and agile transformation of their commercial functions.

	#1	#2	#3
Aerospace / Defence	Training employees to be ready for the next challenge	Finding highly skilled employees / vendors	Improving strategic sourcing / sales
Automotive	Training employees to be ready for the next challenge	Agile transformation across Companies	Agile transformation of procurement or sales
Banking / Insurance / Financial Svcs	Improving strategic sourcing / sales	Finding highly skilled employees / vendors	Training employees to be ready for the next challenge
Business Services & Consulting	Training employees to be ready for the next challenge	Improving strategic sourcing / sales	Digitalization of sourcing / sales
Chemicals	Improving operational sourcing / sales	Improving strategic sourcing / sales	ESG / Sustainability
Consumer Packaged Goods / Retail	Digitalization of sourcing / sales	Finding highly skilled employees / vendors	Training employees to be ready for the next challenge
Engineering & Construction	Digitalization of sourcing / sales	Improving operational sourcing / sales	Agile transformation of procurement or sales
Food / Drink / Tobacco	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Health Care	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Finding highly skilled employees / vendors
Hotels, Leisure & Entertainment	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Legal	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Manufacturing & Industrial Goods	Finding highly skilled employees / vendors	Improving strategic sourcing / sales	Digitalization of sourcing / sales
Materials & Mining	Finding highly skilled employees / vendors	Improving strategic sourcing / sales	Training employees to be ready for the next challenge
Media & Publishing	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Non-profit & Charity	Training employees to be ready for the next challenge	Agile transformation of procurement or sales	Digitalization of sourcing / sales
Oil & Gas	Agile transformation of procurement or sales	Agile transformation across Companies	Finding highly skilled employees / vendors
Pharmaceutical / Biotechnology	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Power Generation & Utilities	Digitalization of sourcing / sales	Improving operational sourcing / sales	Development of a more resilient partner ecosystem / supply chain
Public Sector & Government	Finding highly skilled employees / vendors	Training employees to be ready for the next challenge	Improving strategic sourcing / sales
Schools, Education & Training	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Technology - Hardware	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales
Technology - Software	Digitalization of sourcing / sales	Finding highly skilled employees / vendors	Training employees to be ready for the next challenge
Telecommunications	Digitalization of sourcing / sales	Improving operational sourcing / sales	Improving strategic sourcing / sales
Transportation / Logistics	Digitalization of sourcing / sales	Training employees to be ready for the next challenge	Agile transformation of procurement or sales

CONCLUSION

Agility continues to be critically important across commercial functions and supply chains. In 2024, 92% of respondents identified agile adoption as crucial for navigating increased market uncertainties. The shift from cost-centric to value and outcome-focused strategies underscores agility's evolving role in driving business resilience and competitiveness. The adoption of agile practices has seen noticeable growth, with a 15% increase in organizations engaging in initial experiments or pilot projects compared to the previous year. Despite this progress, the integration of strategic partners in agile transformations remains minimal at 5%, highlighting an area ripe for development.

Challenges in Agile Transformation
- **Executive Support**: Insufficient executive backing continues to be a significant barrier, affecting the pace and effectiveness of agile transformations.
- **Agile Skills Gap**: There is a notable lack of necessary agile skills within organizations, which complicates the implementation and scaling of agile methodologies.
- **Cultural Resistance**: Organizational cultures often resist agile values, creating friction in adopting new practices and transforming traditional processes.

Agile techniques become more and more popular even in commercial functions. However, Agile contracting remains underdeveloped, with most respondents new to this area. This highlights the need for focused training and development in agile contract management to enhance collaborative flexibility and responsiveness.

Future Directions
The report indicates a critical need for developing adaptive partner ecosystems to manage supply chain risks more effectively and foster innovation. Although the necessity is recognized, actual implementation lags, suggesting a disconnect between strategic intent and practical execution. Beside insufficient executive support, a skills gap, and cultural resistance hinder the full realization of agility's potential benefits. To address these issues, organizations must:
- **Enhance Executive Engagement**: Strengthen executive support to ensure agile transformations receive the necessary leadership and resources.
- **Develop Agile Competencies**: Invest in comprehensive training programs to close the skills gap and equip teams with the knowledge needed to implement agile effectively.
- **Cultivate Adaptive Ecosystems**: Focus on integrating strategic partners into agile transformations to build more resilient and responsive supply chains.

Moving forward, it is imperative for organizations to tackle these challenges head-on, fostering an environment that not only embraces agile principles but also effectively executes them to stay competitive in an increasingly volatile market landscape.

More
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