

ProcureCon INSIGHTS

COLLABORATIVE RISK MANAGEMENT

A Transformative Guide for Leaders



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EXECUTIVE SUMMARY

Organizations across industries struggle with constant crises, bouncing from one disruption to the next without building sustainable resilience. This webinar explored how procurement and supply chain leaders can break free from reactive cycles by aligning cross-functional teams around unified risk management goals, shared processes, and collaborative governance frameworks.

The participants emphasized that organizations must balance short-term operational pressures with long-term strategic objectives. Organizations must also treat suppliers as collaborators rather than contractors to create truly integrated risk management ecosystems.

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OPENING & CONTEXT

Key barriers that keep organizations stuck in reactive cycles include:

- Short-term metrics that don't balance immediate needs with long-range planning
- Unwillingness to adopt process-based approaches that learn from past disruptions
- Cultural resistance to change that prevents teams from embedding risk management as a core competency
- Misaligned departmental and corporate objectives

Many organizations remain trapped in reactive risk management because they treat transformation as a one-time project rather than an ongoing capability. They lack the internal processes to continuously scan for market changes and emerging risks, relying instead on waterfall approaches with fixed go-live dates that don't embed change into enterprise operations.

The metrics companies use to measure risk significantly impact their ability to escape short-term crisis mode. Most organizations focus exclusively on quarterly or half-yearly results without balancing annual operating views with three-to-five-year strategic horizons. This narrow timeframe prevents leaders from learning from past failures, understanding root causes, and building the process discipline needed for sustainable risk management.

Cross-functional alignment suffers when different departments optimize for their own metrics rather than enterprise-wide goals. When teams like HSE, ESG, finance, and procurement operate in silos with misaligned priorities, even the strongest individual strategies fail to protect the organization from systemic risks.

FROM THE WEBINAR

"One of the main silo producers is data itself. Different teams are looking at risk from different angles, and not only is the data not shared, but the insights aren't transparent to the other team. People aren't operating based on the same information."



Geoff Goodman
Principal, Solution Delivery
Avetta

KEY SUGGESTIONS

1 **Shift from quarterly thinking to balanced time horizons that include three-to-five-year strategic views.** This prevents the quarter-to-quarter crisis mentality that keeps organizations perpetually reactive.

2 **Build internal processes that continuously scan for market changes and emerging risks.** Without ongoing monitoring capabilities, transformation efforts become one-time projects that fail to create lasting change.

COLLABORATIVE FRAMEWORKS

Successful cross-functional alignment begins with eliminating siloed data that prevents teams from operating with shared information. When different departments view risk from separate angles using isolated data sets, they cannot make coordinated decisions or optimize at the enterprise level.

Achieving alignment requires transparent, shared access to the same information across all functions involved in risk management.

Misalignment often starts at the top when different functional groups prioritize conflicting corporate goals. Procurement may focus on cost containment while the operations department prioritizes customer satisfaction and revenue growth, creating strategies that work across departments.

For example, during the early months of the COVID-19 pandemic, organizations that realigned their entire C-suite around customer care and revenue first were able to exceed expectations and become preferred business partners.

Aligning functions requires bringing representatives together to discuss their definitions of risk, their prioritized goals, and their current approaches. This conversation quickly reveals where misalignment exists and creates the foundation for developing unified objectives.

Organizations that apply a "dual lens approach" help teams understand both enterprise-wide strategies and functional goals while ensuring short-term actions support long-term objectives.

Essential elements of effective governance frameworks include:

- Cross-functional teams with clear charters, problem statements, and accountability structures
- Senior-level participants who carry organizational authority and can drive change
- Aligned metrics that measure both short-term performance and long-term resilience
- Regular meetings with disciplined follow-through rather than one-time discussions
- Shared language and common definitions of what risk management means across the organization

FROM THE WEBINAR

"You must build a cross-functional team that has a charter, a problem statement, clear accountability, clearly defined roles, and a set of metrics that will help you balance your short and long-term goals. That group needs to be senior enough within the organization to carry some weight, and it needs to be aligned with corporate objectives."



Caldwell Hart
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KEY SUGGESTIONS

1

Create a formal charter that commits cross-functional team members to shared accountability and common definitions.

This prevents teams from meeting once and then returning to siloed operations.

2

Establish a shared language for how your organization defines, measures, and addresses risk.

Misaligned definitions lead to disconnected processes and strategies that work against each other.

INFORMATION & TECHNOLOGY

Information silos represent one of the primary barriers to unified risk management. When critical data stays trapped within finance, compliance data remains in legal, and safety metrics sit exclusively with HSE, organizations cannot develop a comprehensive view of their risk exposure. Breaking down these barriers starts with creating shared data access so all functions make decisions based on the same information.

Value stream mapping and similar process tools help identify where information resides across different departments and how it flows through the organization. AI and advanced analytics have compressed what once took six months to analyze into days, hours, or even minutes.

Teams can now assimilate and integrate data from multiple sources into common dashboards that enable unified conversations.

Technology serves as an enabling tool, not an end goal in itself. The real power comes from how people interpret the information, develop strategies, and execute based on data-driven insights.

In aerospace supply base implementations, technology identifies where to focus efforts, but skilled teams must still visit operations to observe inventory buildups, ask probing questions, and develop improvement strategies.

AI and predictive analytics are accelerating decision-making from months to minutes while enabling scenario building and model development. However, people remain essential for interpreting outputs, assessing complex combinations of risk factors, and determining strategic responses. The focus should be on upskilling teams to work with these tools rather than replacing human judgment with automation.

FROM THE WEBINAR

"Information is power in the risk management processes. Old-fashioned tools like value stream mapping help identify where information resides across different departments, but also how it flows through the organization. Today's AI applications enable teams to assimilate, integrate, and pull from multiple data sources, presenting information in organized ways that weren't possible 20 years ago."



Caldwell Hart
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KEY SUGGESTIONS

1 Implement shared dashboards that provide all functions with access to the same data sources and KPIs. This eliminates siloed decision-making and enables true collaboration.

2 Focus on upskilling your teams to interpret AI-generated insights and develop strategic responses. Technology accelerates analysis, but people still drive strategy development and execution.

SUPPLIER & STAKEHOLDER MANAGEMENT

External stakeholders play a critical role in risk management that extends far beyond internal team coordination. Building genuine buy-in and collaboration requires a three-pronged approach:

- Communicate clearly about intentions and needs
- Collaborate on processes and practices
- Integrate key stakeholders into planning and systems

Communication means being transparent about what you need from suppliers and what they can expect from you. *Are you sharing information back to them so they can improve their own practices?*

Collaboration involves identifying key suppliers and understanding their own supply chains to gain visibility into tier two and tier three risks. Integration requires embedding stakeholders into processes like sales and operations planning, demand planning, quality requirements, and value engineering.

Treating suppliers as collaborators rather than dictating terms to them unlocks their knowledge and expertise while building trust. Understanding how changes affect their business models reduces friction and resistance. Suppliers have valuable insights into market conditions, adjacent industries, and emerging risks that can inform your strategy if you create genuine two-way partnerships.

Practical approaches that strengthen supplier engagement include incorporating risk discussions into quarterly business reviews and supplier conferences. During these sessions, share forecasts, operating plans, and risk assessments while gathering intelligence about what suppliers observe in their markets and other customer segments.

Working sessions with smaller groups of critical suppliers enable deeper collaboration on addressing shared challenges.

FROM THE WEBINAR

“Integrate risk into your supplier relationship management processes. During quarterly business reviews, make risk a key element of two-way conversations where you share information with suppliers and gather intelligence from them. This brings suppliers directly into your risk management process as active participants.”



Caldwell Hart
Principal, Procurement Supply
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KEY SUGGESTIONS

1

Incorporate risk management discussions into every quarterly business review and supplier conference. Regular dialogue creates ongoing collaboration rather than crisis-driven interactions.

2

Focus on building trust by understanding supplier capabilities and maturity levels before imposing new requirements. This collaborative approach reduces friction and produces better outcomes than dictating terms.

BALANCING PRIORITIES

Tension between short-term operational pressures and long-term strategic objectives is inherent in risk management. Rather than viewing this tension as problematic, leaders should recognize that it can drive innovative solutions, similar to how tension in negotiations produces better win-win outcomes.

The key to balance lies in starting with long-term goals and working backward to identify the building blocks needed in the short term. Too many organizations begin with quarterly thinking and never reach long-range planning, leaving them perpetually out of balance.

When teams think about only the next quarter or half-year, they may hit immediate targets but fail to build capabilities that change the future.

A dual lens approach helps organizations understand objectives at functional, divisional, and enterprise levels while ensuring alignment across all three. Short-term actions must support rather than undermine long-term goals.

This requires cross-functional understanding of what drives organizational behavior and what metrics apply to processes and outcomes at different time horizons.

FROM THE WEBINAR

"Tension between competing priorities can actually drive innovative solutions, similar to how productive tension in negotiations creates better win-win outcomes. The key is starting with long-term goals first. Too often, organizations begin with short-term thinking and never reach long-range planning, which means they never achieve balance."



Caldwell Hart
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KEY SUGGESTIONS

1 **Begin planning with long-term strategic objectives and work backward to identify necessary short-term actions.**
This prevents short-term thinking from dominating and ensures balance.

2 **Apply a dual lens approach that evaluates decisions against both immediate operational needs and future strategic goals.**
This helps teams make choices that support multiple time horizons simultaneously.

IMPLEMENTATION & IMPACT

Procurement leaders should take ownership of risk transformation rather than waiting to be assigned the responsibility. Since most corporations purchase more than 60% of the goods and services required to operate, procurement and supply chain naturally sit at the center of risk exposure.

Leaders in these functions have both the visibility and the authority to drive meaningful change.

The first step involves acting purposefully rather than seeking the perfect starting point. Inaction proves more damaging than imperfect action, so leaders should volunteer to lead cross-functional risk initiatives and make risk management a core competency based on defined processes. Creating a team, building cross-functional dialogue through charters, and defining what success looks like establishes the foundation for transformation.

Diagnosing the current state provides a critical understanding of what works and what doesn't. Building a shared vision of where the organization wants to take risk management creates consensus around problem statements and pain points.

From there, leaders can understand stakeholder impacts and develop appropriate communication, training, and tools to enable transformation.

Organizations that fail to establish clear governance structures with the right executive participation struggle to sustain change.

The most common misstep is assuming technology alone drives transformation, when the real work lies in changing people and processes. Leaders cannot simply wish silos away if the culture isn't ready for change.

Understanding current cultural readiness, creating a common language, and building accountability into team structures help organizations evolve from a siloed to a holistic approach. Without these foundations, organizations revert to old patterns once immediate crises pass.

FROM THE WEBINAR

"Diagnose the current state and understand what is working and what isn't. This is necessary to build a cross-functional, enterprise-wide vision of where risk management is headed. With a shared understanding, you can gain consensus around a problem statement, where the pain points are, and where you want to go in terms of a future state."



Geoff Goodman
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KEY SUGGESTIONS

1

Volunteer to lead cross-functional risk initiatives rather than waiting for assignment. Procurement's central position in most organizations makes it ideal for driving this transformation.

2

Start with a diagnosis of the current state and build a shared vision before implementing solutions. Understanding where the organization is today and where it wants to go creates consensus for change.

HOW WILL CROSS-FUNCTIONAL RISK MANAGEMENT EVOLVE?

Cross-functional risk management is moving from backward-looking monitoring to forward-looking design. Leaders are expanding their focus from individual suppliers to entire ecosystems. Those ecosystems consist of multiple tiers, adjacent supply chains, and the complex interactions between different risk drivers.

Technologies such as AI, digital twins, and advanced analytics now enable rapid scenario building, assumption testing, and simulation, using decades of historical data to explore options that once took months to analyze.

As these capabilities mature, risk management becomes an enterprise discipline rather than a narrow functional activity. Teams can model alternatives, build redundancy, and intentionally design risks out of processes instead of repeatedly asking why the same nodes fail in every disruption.

The most effective organizations will combine predictive tools with cross-functional insight to move from crisis response to prevention. Their focus will be on architecting resilient systems and performance by design, shifting the core question from "how do we recover?" to "how do we avoid being exposed in the first place?"



ABOUT THE AUTHORS



Avetta provides a cloud-based supply chain risk management platform. Our global solution is uniquely designed to connect the world's leading organizations with qualified suppliers, driving sustainable growth. Our SaaS subscription software is used by 50,000 active customers in 100 countries. Over 300 of the world's biggest organizations depend on Avetta every day.

For more information, please visit www.avetta.com.

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