



The Cost of Inaction

Why Supply Chain Risk Management Is a Necessity in Today's Business Environment





Introduction

Global supply chains have long been subject to disruption, but the frequency, complexity, and intensity of those disruptions are accelerating. From COVID-19 and geopolitical conflicts to inflation, labour shortages, and regulatory demands, organisations are under mounting pressure to respond in real time while building long-term resilience.

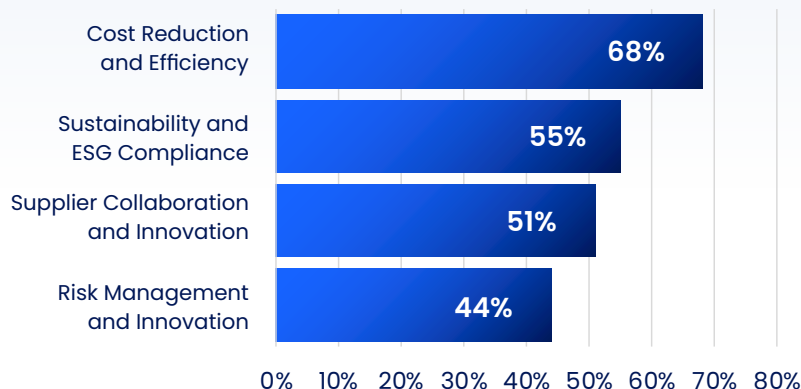
Recent data reinforces this shift. According to the Hackett Group's 2025 CPO Agendaⁱ, the top five priorities for procurement leaders are:

- 1 Improving spend reduction
- 2 Ensuring supply continuity
- 3 Transforming the procurement operating model
- 4 Combating inflationary price increases
- 5 Modernising procurement through digital transformation

These priorities reveal a balancing act: businesses must optimise costs while safeguarding supply continuity, all within a shifting global and technological landscape.

These findings are echoed in Procurement Magazine's 2025 global survey dataⁱⁱ:

Procurement Leaders' Top Strategic Priorities Over the Next 12 to 18 months



Macroeconomic pressure drives these trends. Nearly half (**47%**) of surveyed organisations are cutting costs; **29%** are renegotiating contracts, and **16%** are delaying digital procurement investments.

Procurement has always operated under constraints, but today's high-speed disruptions raise the stakes. Companies without real-time visibility, data, or contingency plans face greater financial, reputational, and operational risks.

Yet challenges exist. Procurement teams across the UK and Europe are navigating a landscape defined by digital transformation gaps, rising workload pressures, and evolving skill demands.



According to CIPSⁱⁱⁱ, only **6%** of procurement functions report high levels of automation



83% expect AI to drive operational efficiency and **81%** anticipate automation of manual processes.



Despite this optimism, many teams remain under-resourced: **42%** operate with fewer than ten members, and **nearly half** expect headcount to remain flat even as strategic responsibilities grow.

Skills development priorities have shifted, with leadership, strategic thinking, and cybersecurity now outranking sustainability. These findings reflect a sector under pressure to modernise, scale, and lead — often without the tools or talent to do so at pace.

Industry leaders are using these conditions as a catalyst. By investing in risk platforms, enforcing supplier standards, integrating ESG, and automating data, they're not just surviving — they're gaining competitive advantage. Rather than pausing progress during economic turbulence, the most resilient organisations are leaning into transformation.

This white paper explores why now is the time to double down on supply chain risk management, and how forward-looking leaders are turning uncertainty into a catalyst for resilience, agility, and competitive differentiation.

Section One:

Business Impacts of Inaction

As organisations contend with economic pressures, supply volatility, and complex stakeholder expectations, the cost of maintaining the status quo has grown indefensible. Failing to modernise and strengthen supply chain risk strategies can quietly erode profitability, reduce agility, and increase exposure to compounding threats. Even incremental inefficiencies can significantly impact cost and risk exposure.

Failure to act in the following areas can significantly damage performance:

- ✓ Supplier Cost Control and Operational Efficiency
- ✓ Small Supplier Risk Management
- ✓ Workplace Safety and Compliance

Supplier Cost Control and Operational Efficiency

Manual supplier management is especially costly. According to the Hackett Group's Kurt Alberton, a company with \$5 billion (approx. £3.75 billion/€4.31 billion) in annual expenses, will spend over \$1 million (approx. £750k/€862k) per year in labour costs alone for supplier onboarding. This doesn't take into account opportunity costs due to missed savings, delayed engagements, and avoidable disruptions.^{iv} These inefficiencies often stem from decentralised processes, lack of automation, and poor coordination across business units. Multi-employer worksites are particularly vulnerable to delays and liability exposure.



Compounding the issue is the slow and resource-heavy nature of supplier onboarding. **Without automation and centralised visibility, onboarding can take anywhere from 30^v to 180 days^{vi}**, delaying project starts and reducing efficiency.

Organisations often juggle multiple qualification systems across regions and partners, with procurement teams estimating they **waste more than 22% of their time** managing manual processes^{vii}. These burdens raise supplier overhead, which is ultimately passed on to clients.

Lack of centralised supplier data and tools also leads to significant duplication of effort and inconsistency in supplier qualification and compliance. This not only wastes time but also increases errors, delays, and regulatory risk — undermining supplier relationships and hindering collaboration and innovation.



Meanwhile, procurement teams without advanced analytics capabilities consistently miss out on competitive advantages. During economic contractions, large enterprises that lack these insights forgo strategic cost reduction opportunities and potential benefits from supplier consolidation. These oversights directly translate into higher operating costs and weaker margins — at a time when cost resilience is paramount.

Compliance demands are growing globally, adding to the challenge. Yet many companies still rely on manual certificate collection and spreadsheets, compounding the administrative burden and compliance risk.

Without visibility, harmonised standards, and digital supplier enablement, many organisations remain reactive — facing rising costs, limited agility, and ongoing operational friction.



Small Supplier Risk Management

According to HSE, the estimated cost of injuries and ill health from current working conditions in the UK is £21.6 billion^{viii}. Meanwhile, work-related ill health and injury cost the EU about €476 billion annually^{ix}.

Yet, overwhelmingly, it is the smallest organisations that tend to be the source of these types of risks: HSE and EU-OSHA report that firms with **fewer than 50 workers** have a fatal accident rate around **double that of larger companies^x**.

Why this disparity? Smaller suppliers have fewer resources, leading to inadequate safety training and practices as well as a lack of safety personnel.

Beyond HSE, small suppliers also struggle with other risks and disruptions, from cyber to environmental to business risk — leading to potentially devastating consequences for their clients.

Engaging small suppliers without proper qualification and oversight exposes organisations to significant risk, particularly during economic or labour market shocks. Without visibility into safety, insurance, training, cybersecurity, financial health, or compliance history, companies often onboard these partners blindly. In decentralised environments, these risks are magnified and frequently overlooked until costly incidents occur. While small suppliers are often essential, managing them without modern oversight increases the likelihood of delays, liabilities, and hidden costs.

Workplace Safety and Compliance

Safety and compliance are not separate from operational efficiency or cost control — they are central to them. Without scalable safety oversight, organisations face higher costs, greater risks, and reduced adaptability. Yet in many businesses, safety remains fragmented, reactive, and underfunded, and the consequences are significant.

In the EU, **3,298 fatal accidents** were recorded in 2023^{xi}. Work-related injuries and ill health are estimated to **cost the EU €476 billion every year**. The UK recorded 124 worker fatalities from April 2024 to March 2025, with an **estimated cost of £21.6 billion^{xii}**.

Economic pressure only compounds these challenges. During downturns, suppliers may cut back safety training, reduce oversight, or accelerate production — decisions that save money short-term but increase long-term risk, especially in high-hazard industries or contractor-heavy environments.

Manual prequalification and compliance tracking further limit visibility. Certification lapses go unnoticed, incident reports are inconsistent, and safety data remains siloed. For organisations with multiple sites, this leads to fragmented oversight and difficulty enforcing standards or identifying systemic risks.

Dispersed and disconnected safety data also undermines organisational improvement. Without centralised insights, it's nearly impossible to detect trends, flag high-risk suppliers, or act proactively — weakening both operational and reputational resilience over time.



Section Two:

Three Imperatives for Cost Control

Businesses are under pressure to manage spend, increase efficiency, and protect against a complex landscape of risks. Achieving these objectives requires more than short-term cost-cutting — it demands a long-term investment in the right capabilities. For companies aiming to thrive amid persistent disruption, three strategic and interrelated imperatives stand out:

- ✔ Direct Cost Reduction
- ✔ Operational Efficiency Enhancement
- ✔ Risk Management

Direct Cost Reduction

In a volatile economy, procurement and operations leaders must deliver fast, sustainable savings. True cost control requires more than tactical cuts — it demands scalable, embedded cost-reduction capabilities across supplier management.



Automated Supplier Qualification

Manual qualification processes create unnecessary administrative overhead, especially as supplier networks grow. Automation eliminates redundant steps by digitising evaluation, document intake, and prequalification, enabling lean teams to manage more suppliers without sacrificing performance.



Automated Insurance Tracking and Verification

Manual insurance tracking methods demand a significant percentage of hours per week from compliance staff, potentially amounting to tens of thousands of pounds annually of administrative overhead — often with inconsistent results. Automated tools eliminate this burden by continuously validating insurance coverage and issuing real-time alerts for lapses or changes.



Streamlined Documentation Management

Every supplier submits multiple key documents to their clients during onboarding and prequalification. Since manual handling significantly drives up processing costs per document, across large supplier networks, this quickly amounts to six-figure inefficiencies. To reduce overhead, businesses require platforms that digitise intake, automate classification and expiration tracking, and validate accuracy at the point of submission.



Data-Informed Supplier Selection and Performance Monitoring

Without the right discovery tools, sourcing qualified suppliers takes significantly longer, delays response times, and raises the risk of choosing underqualified partners. Opting for the lowest-cost supplier can also backfire when hidden risks erode long-term value. A smarter approach is to use a platform with a broad pool of prequalified suppliers, evaluated across financial health, capacity, location, safety, insurance, and performance.

Operational Efficiency Enhancement

Building operational agility requires not just leaner processes, but the right systems and infrastructure to enable speed, accuracy, and scale. The following capabilities help streamline processes, increase agility, and maintain compliance without overextending teams.



Faster Supplier Onboarding

Onboarding delays of 30–180 days^{xiii} are unsustainable under tight timelines and financial pressure. Standardised workflows and digital prequalification can reduce onboarding to as little as one to seven days. The faster teams can engage compliant, job-ready suppliers, the better they can protect project timelines and preserve cash flow.



Reduced Administrative Workload

Today, many organisations devote around 3–12 FTEs per year to manage 100 major suppliers,^{xiv} including processing compliance documentation, chasing down certifications, verifying insurance, and updating spreadsheets — none of which contribute to strategic value. Automation can reduce administrative burdens by up to 80%,^{xv} freeing teams to focus on performance improvement, supplier strategy, supplier relationship management, and risk mitigation.



Lowered Supplier Administrative Burdens

Many suppliers repeat the same qualification process for each client, duplicating paperwork and introducing frustration. This not only burdens the vendor — it inflates downstream costs. Shared, standardised frameworks reduce duplication and improve responsiveness, helping organisations accelerate sourcing, lower costs, and strengthen supplier relationships.



Unified Supplier Management

In many cases, teams manage complex supplier networks across dozens of sites with disconnected tools and inconsistent data. Without unified dashboards, compliance health indicators or capacity issues go unnoticed until they cause delays, rework, or costly incidents. Centralised systems are needed that offer real-time visibility into supplier status, documentation, and risk, enabling proactive management and smoother operations.

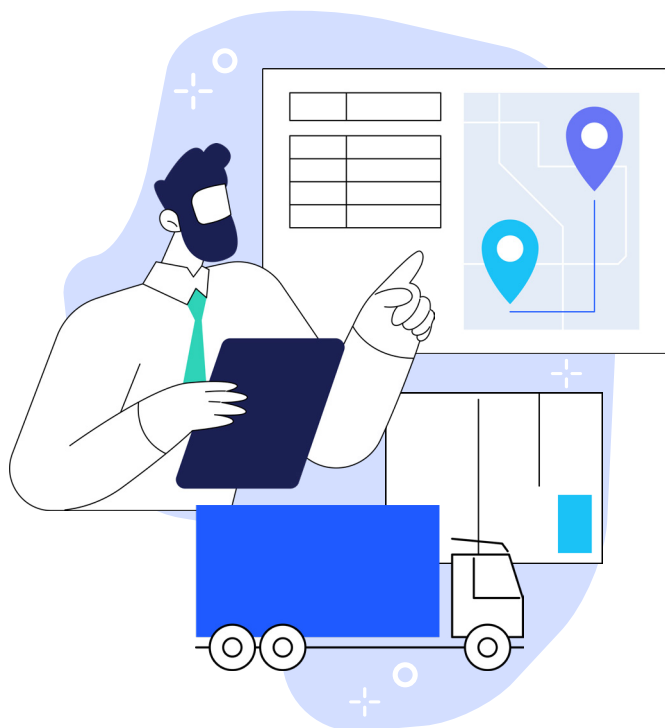
Risk Management

Modern risk management must go beyond mitigation to proactive vulnerability identification. Leading organisations build resilience by using data to model risks, test scenarios, and act before disruptions occur. This shift requires embedding new capabilities across procurement, safety, operations, and supplier management.



End-to-End Supplier Visibility

With 32% of supply chain disruptions originating beyond Tier 1^{xvi}, visibility into Tier 2 and 3 suppliers is critical. Companies need systems that map supplier relationships, monitor performance beyond direct vendors, and provide early alerts on compliance failures, financial risks, or operational instability.



Real-Time Compliance Monitoring

Traditional audits and static reviews are too slow to prevent violations. Automated tools must continuously validate certifications, insurance, and safety records — flagging issues in real time. These tools must also support centralised document management and auditable history, so that compliance gaps don't turn into regulatory fines or enforcement actions.

For example, in the UK, significant fines can be imposed, dependent on organisation size^{xvii}:

Company Type	Turnover Range	Maximum Guideline Fine
Micro	Under £2 million	Up to £800,000
Small	£2–£10 million	Up to £1.6 million
Medium	£10–£50 million	Up to £4 million
Large	Over £50 million	Up to £10 million
Very large	Multiple times higher than £50 million	Uncapped; set for proportional impact

EU regulations impose similarly significant penalties.

Proactive safety monitoring should extend beyond checklists to include leading indicators — such as near-miss reporting and audit outcomes — that reduce the likelihood of costly injuries.



Supply Chain Risk Scoring

Disruptions — from geopolitical events to material shortages — have been shown to consume as much as 45% of annual profits over a 10-year period^{xviii}. Procurement and operational leaders need risk scoring capabilities that evaluate suppliers on location-based threats, incident data, ESG practices, financial resilience, training adherence, safety programme maturity, and operational redundancy.



Multi-Jurisdictional Regulatory Intelligence

Global operations require multi-jurisdictional regulatory intelligence. Compliance obligations now vary not only by geography but by supplier type, spend thresholds, and contract scope. Companies must have the ability to dynamically map multi-jurisdictional obligations to each supplier and flag gaps automatically to eliminate error-prone manual tracking.



Cross-Functional Data Integration

Effective risk management depends on unified, real-time data across compliance, IT, procurement, safety, ESG, and legal teams. Integrating insights from safety records, ESG scores, financial metrics, and operational capacity enables decisive action — from halting work to auditing or replacing a supplier.

The above features aren't aspirational — they're essential. Organisations with structured, technology-enabled risk management programmes reduce unplanned downtime by almost 70%^{xix}, avoid costly incidents and fines, and protect their workforce, customers, and brand equity. Most importantly, they build resilience into their supply chain, allowing them to thrive in an economy where disruption is the baseline.

Section Three:

How Avetta Empowers Organisations to Thrive

In the face of evolving global challenges, business leaders must invest in solutions that drive strategic, measurable outcomes. The Avetta platform is purpose-built to help organisations address the imperatives outlined in the previous section.

1 | Direct Cost Reduction

Avetta delivers significant cost reduction through automation, scalability, and centralised control, addressing the cost inefficiencies that most procurement and compliance teams struggle with.



Automated Supplier Qualification

Avetta replaces manual qualification with a centralised system that evaluates suppliers across safety, insurance, ESG, and financial health. This significantly cuts manual administrative costs by eliminating redundant data entry and spreadsheet workflows.



Insurance Certificate Management at Scale

Avetta's insurance verification engine automates certificate collection, validation, and ongoing compliance tracking — eliminating the sizable administrative overhead onboarding teams typically spent on manual review, follow-up, and rework.



Efficient Document Management and Audit Readiness

Through its digital document processing system, Avetta reduces costs tied to reviewing, storing, and managing safety records, training certificates, and compliance forms. Processing costs drop and data accuracy improves, leading to better audit preparedness and fewer downstream issues due to expired or incomplete documentation.



Eliminating Redundancy Across Locations

Avetta eliminates duplication of efforts with a single source of truth for supplier data, enabling teams to apply consistent standards globally, avoid repeated qualification of the same vendors, and significantly reduce unnecessary spending.



Strategic FTE Redeployment

Avetta's automation reduces the manpower needed per 100 suppliers to as little as 0.5 FTEs. This frees critical talent for strategic initiatives like supplier development to address supplier costs and inefficiencies, cost analysis, ESG programme execution, driving for addressable spend and realising higher savings, and internal continuous improvement to increase efficiency and throughput, further reducing overhead expenses. This reduction isn't just about labour savings — it's about unlocking workforce capacity for higher-impact work.

Together, these cost efficiencies position Avetta as a force multiplier for procurement and compliance teams, delivering sustainable savings without sacrificing performance or control.

2 | Enhancing Operational Efficiency

Avetta's platform equips business leaders with the infrastructure to accelerate processes, reduce complexity, and scale smarter.



Faster, Standardised Onboarding at Scale

Avetta standardises and automates supplier onboarding processes, reducing cycle times by 30% or more in many cases. With configurable workflows, pre-built qualification templates, and automated document intake, clients can bring suppliers online quickly and efficiently.



Accelerated Supplier Discovery

Avetta gives procurement teams a competitive advantage with access to a network of over 130,000 prequalified suppliers, searchable by geography, safety performance, industry, and more. This reduces the time required to source qualified suppliers and contractors, eliminating costly delays and helping teams adapt quickly to market shifts.



Centralised Visibility and Real-Time Data Access

Avetta brings supplier compliance, performance metrics, and documentation into one platform — accessible across sites, regions, and business units. This centralised visibility enables real-time insights into supplier readiness and risk exposure, significantly reducing disruptions.



Simplified Supplier Experience

Avetta streamlines the supplier experience by allowing them to complete a single, standardised qualification that serves multiple clients. This increases supplier responsiveness, reduces onboarding friction, improves supplier relationships, and lowers the administrative costs that suppliers often pass back to customers.



Consistent Standards Across Sites

Without a unified platform, large enterprises face inconsistent supplier requirements across different sites or business units. Avetta's centralised approach ensures uniform standards, reduces errors, improves alignment, and eliminates redundant work.

By digitising and connecting every aspect of supplier management — from onboarding to ongoing compliance and risk monitoring — Avetta enables organisations to reduce cycle times, improve project readiness, improve supplier relationships, and respond faster when conditions change. This isn't just operational hygiene — it's a strategic enabler of resilience, speed, and long-term cost control.

3 | Delivering Comprehensive Risk Management

Today's business leaders need more than reactive oversight — they need predictive, systematised line of sight over their supply chain. Avetta delivers that visibility, giving organisations the tools to monitor risk, prevent incidents, ensure compliance, and maintain continuity under pressure.



Comprehensive Tiered Supplier Visibility

Avetta offers visibility into Tier 1, 2, and 3 suppliers, mapping extended supply chain relationships and identifying high-risk vendors before issues escalate. This expanded transparency helps clients proactively address risk — rather than being blindsided by failures from unseen third parties.



Real-Time Compliance Monitoring

Avetta's platform provides real-time tracking of certifications, licenses, training, and insurance — automatically flagging gaps or expirations before they become liabilities.



Predictive Risk Scoring

Avetta's proprietary supplier risk scoring system draws on safety performance data, historical incidents, and behavioural indicators to surface potential red flags before incidents occur. In some cases, clients have seen a 74% reduction in supplier-related incidents, turning risk management into a powerful lever for cost avoidance.



Protection Against Supply Chain Disruption

Avetta helps mitigate disruptions by continuously assessing suppliers across risk areas like geography, financial health, cybersecurity, ESG, and operational readiness. Early identification of weak links allows companies to reroute work and adjust sourcing to maintain continuity, even during market shocks.



Support for Multi-Jurisdictional Compliance

Avetta embeds multi-jurisdictional regulatory intelligence into supplier qualification and monitoring, automatically aligning supplier data to evolving legal requirements. This minimises manual effort and reduces the risk of missed obligations.



Data-Driven Risk Oversight Across Teams

Avetta integrates procurement, safety, legal, business risk, and ESG data into a single, unified risk dashboard, empowering stakeholders to take decisive action quickly when an issue arises. Its robust API framework integrates with ERP and enterprise systems to connect risk data across departments, creating a single source of truth.



Together, these capabilities give organisations more than just compliance — they provide operational confidence and the tools needed for proactive risk management in the face of volatility. With Avetta, risk management isn't an add-on function — it's embedded into the core of every supplier relationship, every qualification workflow, and every compliance decision. The result is lower costs, fewer incidents, fewer disruptions, and a stronger, more agile supply chain.

Conclusion:

Enabling Scalability and Resilience

The Hackett Group's 2025 CPO Agenda lays out five clear mandates for procurement leaders:

- | | |
|------------------------------|---------------------------------|
| 1 Reduce costs | 4 Combat inflationary pressure |
| 2 Ensure supply continuity | 5 Embrace digital modernisation |
| 3 Transform operating models | |

These aren't theoretical goals — they're urgent, interdependent priorities that demand sustained action. As economic volatility, labour shortages, regulatory complexity, and supply chain fragility continue to pressure margins and timelines, traditional approaches to supply chain risk management are not sufficient.

The Avetta platform empowers procurement organisations to deliver measurable cost savings through automated supplier qualification, insurance verification, and compliance workflows — reducing manual overhead and freeing up resources for strategic initiatives. With built-in tools for prequalification, onboarding acceleration, and supplier discovery, Avetta enhances operational efficiency at scale — shortening project lead times, improving supplier readiness, and driving value across every engagement.

To ensure supply continuity, Avetta offers multi-tier visibility, real-time compliance tracking, and predictive risk scoring — enabling teams to spot and address disruptions early. Integrated dashboards bring together procurement, safety, ESG, and risk functions, supported by API connectivity to ERP and business systems for a unified, proactive model.

Avetta isn't just a cost-cutting tool or a compliance solution. It's a strategic partner for supply chain risk management transformation — an enabler of resilience, agility, transparency, and long-term competitiveness. For organisations looking to lead, now is the time to act — not just to weather the storm, but to build a supply chain that's smarter, stronger, and future-ready.

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Avetta is a SaaS company providing supplier risk management solutions which couple technology with knowledge and expertise to drive impact. Avetta's platform is trusted by over 130,000 suppliers in over 120 countries.

Visit [Avetta.com](https://www.avetta.com) to learn more about our supplier prequalification solutions.

