



The future of supply chain leadership:

Avetta's 2026 predictions



Executive Summary

Procurement and supply chain leaders enter 2026 operating in an environment defined by persistent disruption, compressed margins, and rising expectations around risk, sustainability, and performance. According to the Hackett Group's 2026 Procurement Agenda & Key Issues, organizations are prioritizing four interconnected imperatives:

- **Transforming operating models**
- **Strengthening continuity of supply and risk management**
- **Advancing digital transformation**
- **Optimizing cost without undermining long-term performance**

While these priorities are familiar, the conditions under which they must be addressed have fundamentally changed. Disruption is no longer episodic. Regulatory expectations are clearer and more enforceable. Technology adoption, particularly AI, has moved past experimentation into a phase of accountability. As a result, incremental improvements and function-specific optimization are no longer sufficient to ensure teams are ready to work.

Avetta's analysis and practitioner insight suggest that progress in 2026 depends less on new initiatives and more on how organizations integrate these priorities into daily operations. The most effective organizations are redesigning decision flows rather than org charts, embedding risk visibility into routine workflows, and treating readiness as a continuous operating condition rather than a reactive capability.

In this environment, procurement is increasingly positioned as a strategic decision partner — where trade-offs across cost, risk, safety, and sustainability are evaluated in real time rather than downstream. Digital transformation is evaluated not by the number of tools deployed, but by whether insight translates into faster, more disciplined decisions. Cost optimization is increasingly assessed through its impact on capability, continuity, and trust across supplier networks.

This paper examines how leading organizations are responding to these dynamics. Grounded in the Hackett Group's research and expanded through Avetta's cross-functional expertise, the analysis offers practical guidance for procurement, supply chain, and HSE leaders seeking to operate with confidence beyond compliance, readiness, and resilience throughout 2026 and beyond.



Transforming organizations & operating models

Procurement's shift from transactional execution to strategic leadership is no longer a matter of maturity — it is a matter of operating reality. In 2026, organizations are contending with constant disruption, compressed margins, and heightened expectations across risk, safety, and sustainability. These pressures are forcing a reassessment not just of procurement's role, but of how organizations are structured to make decisions at all.

Research from The Hackett Group underscores a persistent truth: technology cannot correct for fragmented processes or disconnected operating models. Process discipline, integration, and accountability remain the drivers of performance. Organizations that continue to optimize individual functions rather than the interconnected enterprise are slower to respond and harder to align when conditions change.

Procurement now sits at the center of enterprise decision-making. It is the function where cost, risk, safety, sustainability, and performance converge — and where trade-offs are made explicit. In 2026, that position carries decision authority, not just coordination.

Siloed operating models are now a structural weakness. Risk management disconnected from category strategy leads to decisions that look efficient on paper but are fragile in practice. Supplier lifecycle management separated from performance and continuity planning obscures early warning signals. When demand planning, sourcing, and execution operate sequentially rather than in concert, organizations lose time — precisely when speed matters most.

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In 2026, organizations are formally acknowledging and reinforcing the role procurement has long played at the center of competing priorities. Procurement is solidifying its position as the operational truth-teller.”

Caldwell Hart

Principal of Procurement and Supply Chain, Avetta

Avetta's analysis indicates that organizations making the greatest progress are redesigning how decisions flow, without adding layers of oversight. Cost, risk, safety, and sustainability are no longer treated as parallel objectives owned by separate teams. Instead, leading enterprises are establishing shared accountability, supported by aligned data, clear governance, and consistent decision criteria. In 2026, performance more and more depends on how well these functions operate as one.

This shift is also changing how leadership is structured. Procurement and supply chain management are increasingly operating alongside the COO and CFO, not as downstream functions, but as peers responsible for enabling continuity, managing enterprise-wide risk, and sustaining performance across the extended enterprise.

Organizations that enable this role move differently. Decision cycles shorten. Risk signals travel faster. Leaders gain clearer visibility into how upstream choices affect downstream performance. When procurement is constrained to coordination or compliance, misalignment persists and disruption is managed reactively. When it is empowered to lead, organizations operate with greater coherence and confidence.



Continuity of supply & risk management

Continuity of supply has become an operating condition rather than a contingency concern. In 2026, disruption is persistent and overlapping — driven by geopolitical instability, labor volatility, climate events, regulatory shifts, and supplier fragility occurring simultaneously rather than sequentially. The challenge for organizations is no longer whether disruption will occur, but whether they are positioned to detect risk early and respond before disruption cascades.

The Hackett Group's 2026 research reinforces this reality. Risk management is no longer a downstream activity or a specialized function. It is a core organizational capability, one that must operate continuously, at speed, and across the extended enterprise. What differentiates leaders is not the absence of disruption, but the ability to recognize risk signals quickly and translate insight into action.

The nature of risk has changed. Information now moves faster than traditional assessment and escalation models can absorb. Signals that once surfaced slowly are now visible in near real time. Yet many organizations still rely on fragmented data, lagging indicators, or manual handoffs that delay response precisely when time matters most. As a result, continuity failures often stem not from a lack of information, but from a lack of visibility and coordination.

Avetta's analysis indicates that organizations strengthening continuity in 2026 are narrowing the distance between signal and decision. Rather than treating risk as a periodic review, they embed it into daily operations — connecting supplier data, compliance, safety, and performance into a shared view of readiness. This approach allows leaders to act earlier, intervene sooner, and avoid the costly cycle of reaction and recovery. That readiness increasingly depends on consistent expectations across supplier networks, supported by aligned data and faster coordination when conditions change.

A critical shift underpinning this progress is how organizations interpret calm. Stability is no longer assumed from the absence of disruption, rather it is continuously tested.

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Risk hasn't gone away; it has simply become harder to see unless organizations are looking in the right places. The absence of disruption doesn't mean risk is under control; it often means it hasn't surfaced yet.”

Scott DeBow

Director of Health, Safety, and Environmental, Avetta

In 2026, continuity of supply depends less on responding to disruption and more on whether organizations can identify risk early enough to act. Integrated risk management turns visibility into decision-making advantage, supporting faster, more deliberate action across the supply chain.



Digital Transformation & AI

Digital transformation remains central to procurement and supply chain leadership in 2026, but the conversation has changed. The focus is no longer on experimentation or expansion. Instead, organizations are reassessing how technology, and AI in particular, fits into their operating reality. After years of rapid adoption, many are confronting a simple truth: AI does not deliver value on its own. It amplifies whatever systems, processes, and governance already exist.

Many organizations are moving away from fragmented AI deployments and toward more deliberate, integrated approaches. The emphasis is no longer on how many use cases are supported, but on whether AI meaningfully improves decision quality, reduces cycle time, and strengthens execution across the enterprise.

This marks a reset rather than a retreat. In early adoption, AI was layered onto existing processes with minimal redesign — producing inconsistent insight and weak follow-through. In 2026, organizations are recognizing that AI must reinforce process discipline, not replace it. Fewer tools, better aligned to core workflows, are proving more effective than broad experimentation.

In practice, AI is increasingly being applied where it can shorten the distance between insight and decision — automating routine analysis, surfacing anomalies earlier, and connecting information across risk, compliance, safety, and performance. When grounded in verified data and clear governance, these capabilities enable leaders to act with greater confidence rather than greater volume.



The organizations that advance fastest in 2026 won't be those with the most AI applications, but those with a coherent operating model — where AI is integrated intentionally, reinforces process discipline, and supports strategic outcomes rather than adding complexity.”

Caldwell Hart

Principal of Procurement and Supply Chain, Avetta

At the same time, organizations are becoming more attuned to the secondary effects of AI adoption, particularly as sustainability expectations rise. The computational intensity of AI introduces new considerations around efficiency, emissions, and partner selection, especially as Scope 3 accountability expands. In 2026, digital transformation decisions are increasingly evaluated not only on speed and cost, but on their broader operational and environmental impact.



As companies scale AI in 2026, the leaders will be those who design for efficiency from the start, using AI where it reduces waste and improves outcomes, rather than creating new sources of emissions or complexity..”

Katie Martin

Director of Sustainability and Innovation, Avetta

This reframing positions AI as both a risk and an opportunity within sustainability strategies. When applied deliberately, AI can help organizations optimize processes, reduce material waste, and improve supply chain design. When applied indiscriminately, it can undermine the very ESG objectives organizations are under increasing pressure to meet.

Across procurement and supply chain functions, the most effective digital strategies in 2026 share a common trait: intent. AI is no longer valued for novelty, but for its ability to sharpen insight, accelerate alignment, and reinforce disciplined execution across the enterprise.

Intelligent readiness now depends on verified data, clear governance, and workflows that translate insight into action, not dashboards that stop at visibility.

In 2026, digital transformation is defined less by what technology makes possible and more by the choices organizations make about how it is applied. When AI is aligned with process, governance, and sustainability priorities, it becomes a source of readiness rather than added complexity.

Cost Optimization with Safety & ESG

Cost optimization remains central to procurement and supply chain leadership in 2026, but the margin for error has narrowed. Organizations are operating with thinner buffers, greater reliance on external partners, and heightened expectations around safety and sustainability. As a result, cost discipline is no longer evaluated solely by what is saved, but by what those savings preserve — or compromise — over time.

Pressure to reduce spend has not eased. What has shifted is how organizations understand the downstream effects of cost decisions. Reductions that weaken supplier capability, limit oversight, or constrain operational readiness may appear efficient in isolation. In practice, they introduce fragility, pushing risk downstream rather than removing it.

This tension is most visible where cost decisions intersect with safety and ESG expectations. When suppliers lack sufficient capacity, training, or systems to perform reliably, the impact is rarely immediate. Instead, it surfaces later as disruption, quality failures, incidents, or reputational exposure. In 2026, organizations are becoming more explicit about this cause-and-effect relationship, and more deliberate in how they account for it.

As a result, organizations are expanding how value is defined. Traditional measures focused on unit cost or year-over-year savings are increasingly seen as incomplete. Leading organizations are incorporating additional criteria into sourcing, contracting, and supplier evaluation — placing greater emphasis on reliability, resilience, and long-term risk exposure. This does not signal a retreat from cost management; it reflects a more mature understanding of total cost across the extended enterprise.

From a safety and risk perspective, this evolution carries significant implications. Reliance on lagging indicators alone has proven insufficient for assessing whether risk is truly controlled. The absence of incidents does not necessarily reflect the presence of capability. In 2026, organizations are placing greater weight on whether suppliers are equipped to operate safely and consistently under changing conditions, not just whether they have avoided failure in the past.



Reducing cost without protecting safety capacity doesn't eliminate risk, it moves it. Organizations that overlook capability and context may achieve shortterm savings, but they often pay for it later through disruption, incidents, or loss of trust."

Scott DeBow

Director of Health, Safety, and Environmental, Avetta

This perspective is reshaping procurement governance. In 2026, procurement teams are increasingly expected to balance cost objectives with explicit safety and ESG expectations. Contracts, performance frameworks, and supplier reviews are being used not only to manage price, but to reinforce accountability and surface risk earlier.

The organizations navigating this tension most effectively are integrating cost, safety, and sustainability into a single decision framework, allowing trade-offs to be evaluated deliberately rather than absorbed unknowingly.

In 2026, cost optimization is no longer defined by what is removed. It is defined by what is preserved: capability, continuity, and confidence across the supply chain.



ESG & the Regulatory Landscape

After several years of uncertainty, 2026 marks a turning point for ESG regulation. What had been characterized by overlapping proposals, shifting timelines, and uneven enforcement is giving way to clearer expectations, particularly in Europe. For many organizations, the challenge is no longer understanding whether ESG matters, but operationalizing what compliance and accountability now require.

The European Union's sustainability framework is at the center of this shift. As the EU finalizes the Corporate Sustainability Reporting Directive (CSRD)¹ and the Corporate Sustainability Due Diligence Directive (CSDDD)², companies are entering a more harmonized regulatory environment. Thresholds, reporting requirements, and enforcement mechanisms are becoming clearer, reducing ambiguity while raising expectations for consistency and rigor.

For organizations within scope, this clarity brings urgency. ESG reporting is no longer limited to internal operations; it extends across supply chains, requiring visibility into environmental and social practices well beyond the enterprise boundary. Even organizations that fall below enforcement thresholds are affected. The European Financial Reporting Advisory Group's Voluntary Sustainability Reporting Standards for SMEs (VSME)³ are emerging as a baseline expectation, shaping what buyers can request from suppliers throughout the value chain.

In response, procurement is becoming a primary execution mechanism for ESG requirements. Sustainability expectations are increasingly embedded into sourcing criteria, contracts, and supplier performance reviews — shifting ESG from aspiration to enforceable obligation. This approach reflects a broader recognition: policies and disclosures alone do not change behavior. Operational mechanisms do.

In 2026, sustainability expectations increasingly function as shared operating requirements across buyer-supplier relationships, not standalone reporting obligations.



2026 is the year sustainability becomes actionable. Fewer promises, fewer announcements, and far more focus on execution where it actually influences outcomes.”

Jackie Bakalarski

Principal of Sustainability and ESG, Avetta

At the same time, regulatory pressure is converging with investor and customer expectations. Financial institutions, insurers, and global buyers are increasingly aligning their own risk frameworks with emerging ESG standards, reinforcing the need for consistent, verifiable data across supplier networks.

The organizations navigating this environment most effectively are those that treat ESG as an operational discipline rather than a reporting exercise. They focus on data integrity, supplier engagement, and governance structures that allow sustainability expectations to be applied consistently, without creating unnecessary burden or friction.

In 2026, ESG leadership is defined less by disclosure volume and more by credibility. As regulatory clarity increases, organizations that can demonstrate alignment between policy, practice, and performance will be better positioned to operate with confidence — across borders, across suppliers, and across an increasingly scrutinized global supply chain.



Conclusion

The defining challenges of 2026 do not exist in isolation. Operating model transformation, continuity of supply, digital advancement, cost optimization, and ESG accountability are increasingly interconnected; each shaping the effectiveness of the others. Organizations that continue to address these priorities separately risk slower decisions, hidden exposure, and fragile performance. Those that integrate them are better positioned to operate with clarity and confidence, even as conditions inevitably change.

Across every theme explored in this report, a consistent pattern emerges: progress depends on how well organizations translate insight into action. Decision authority, risk visibility, disciplined execution, and readiness across supplier networks now matter more than individual initiatives or point solutions. Technology amplifies outcomes, but only when paired with strong governance and consistent data. Cost discipline delivers value only when it preserves capability and trust. And sustainability expectations drive impact only when they are embedded into how work is done.

This is where Avetta plays a critical role as a partner in helping your team stay ready to work. By connecting risk, safety, sustainability, and supplier intelligence across the extended enterprise, Avetta helps organizations move beyond compliance toward operational readiness — enabling faster decisions, clearer accountability, and more resilient performance.

As regulatory expectations solidify and disruption remains a constant, leaders must act deliberately. With world-class software and experts in procurement, HSE, ESG, change management, and more, it's no wonder that Avetta is trusted by over 130,000 clients and suppliers. To ensure your team is always ready to work and operations remain steadfast, schedule a consultation to explore how Avetta can support transformation across risk, compliance, and work readiness in 2026 and beyond.

[Schedule a consultation](#)

References

¹EU Corporate Sustainability Reporting Directive Overview & Official Guidance;

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/companyreporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

²EU Corporate Sustainability Due Diligence Directive;

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/companyreporting-and-auditing/company-reporting/corporate-sustainability-due-diligence_en

³EFRAG: Voluntary SME Standard (VSME);

<https://www.efrag.org/en/projects/vsme>



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