

# The Cost of Disconnection: Why Procurement, Safety, and Compliance Need to Be Partners

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By James Junkin, Strategic Advisory Board Chair at [Veriforce](#) and Josh Ortega, VP Safety, Sustainability & Procurement at Veriforce

There's a growing disconnect between procurement, safety, and compliance teams, and it's leading to avoidable risks and inefficiencies in today's businesses. Too frequently, safety incidents, compliance violations, and damage to a company's reputation stem from decisions made by these individual functions without a full understanding of the risks involved. The reason is that these teams' objectives are often at odds – with procurement focused on cost goals, while safety and compliance focus on managing risk.

The problem of choosing a supplier based solely on price often becomes apparent only after things go wrong — and by then, it's too late to stop workplace accidents, avoid regulatory fines, or protect a company's reputation. Here's a situation we see all too often: A procurement team selects a contractor because they offer the lowest bid, only to find months later that their safety record is questionable. This leads to project delays, unexpected training expenses, and potential regulatory penalties. These hidden costs quickly erase any savings from that initial low price.

Three sides of a triangle

It's clear that procurement, safety, and compliance teams cannot continue to operate in their own bubbles if organisations are to properly tackle risk whilst also operating efficiently. The encouraging news is that a strong solution to bridge this gap is starting to take shape. Adopting a total cost management approach is

key to encourage collaboration across departments whilst balancing the critical considerations of cost, quality, safety, compliance, and long-term sustainability.

Those organisations that are getting it right treat Procurement, Safety, and Compliance as equal partners in decision-making. The functions are seen as three sides of a triangle, each one essential to the whole. With this approach, procurement teams take the lead on supplier selection and relationship management, running thorough pre-qualification processes that evaluate everything from financial stability to safety records.

Safety departments go beyond basic checks to conduct regular audits, engage suppliers during planning and design phases, and oversee comprehensive incident investigations using root cause analysis. Meanwhile, Compliance teams keep everyone on track with external regulations and internal policies through consistent auditing. When these three functions work together seamlessly, they create a rock-solid foundation for sustainable business operations.

#### Driving collaboration and cultural change

A comprehensive, integrated approach can serve as the driving force for real cultural change in supply chain management. By establishing unified standards and shared information systems, organisations can empower procurement teams to consider the total cost impact rather than focusing solely on the upfront price. This collaborative foundation shifts organisations from

isolated decision-making to collective risk management, aligning seamlessly with operational excellence goals like sustainable growth and effective risk mitigation.

Intent is one thing, but getting to this collaborative utopia takes work. The transformation begins by getting everyone on the same page with standardised risk assessment protocols, creating a common framework for evaluating suppliers based on quality, safety, environmental, legal, financial, and ethical factors. A few critical areas are central to making this happen:

#### 1. A Robust Total Cost Model

This is where integrated supply chain management really proves its worth, by providing the ability to assess and analyse the full picture of supplier-related costs and risks. Carefully reviewing historical performance data, safety records, compliance history, and financial metrics, helps organisations make better decisions that weigh short-term savings against long-term value. This approach ensures that safety and compliance are built into the procurement process from the start, rather than being treated as afterthoughts.

#### 2. Progress Monitoring

Regular audits and ongoing performance monitoring become key tools for identifying potential risks, using methods like Failure Mode and Effects Analysis (FMEA) and Hazard and Operability Studies (HAZOP) to pinpoint and address issues before they escalate.

#### 3. Common standards

The most successful organisations create strong platforms for procurement, safety, and compliance teams

to collaborate and share insights. By setting common standards and evaluation criteria, they develop a unified view of supplier performance that all departments can rely on and act upon.

#### Alignment to Face the Future

This integrated approach makes the cultural shift necessary for true alignment across teams. Regular cross-functional meetings provide opportunities to identify potential issues early, while standardised processes ensure that safety and compliance are seamlessly integrated into procurement decisions.

With regulatory demands growing more complex and economic pressures increasing, organisations can no longer afford to keep Procurement, Safety, and Compliance isolated from one another. Achieving success requires practical integration and cultural change. This cultural shift must be backed by a clear commitment from the C-suite to embrace total cost management principles. Forward-thinking companies that have made this transition are already seeing strong results, including notable gains in safety outcomes and procurement efficiency.

The future will favour organisations that bring Procurement, Safety, and Compliance together through collaborative systems and a unified culture. By committing to integrated processes and encouraging alignment across departments, companies can create supply chains that are more resilient, efficient, and built for long-term sustainability and value. The bottom line? No single department can thrive on its own — long-term success comes from a cultural shift that embeds safety and compliance into every procurement decision.

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*Josh formerly served as the Chairman of SafelandUSA and an Executive board member for the National STEPS Network. Before joining Veriforce as Vice President of SSP, Josh was with BHP for 18 years. During his time with BHP, Josh worked in operations, human resources, health, safety, environment, and community, primarily focused on contractor management. Josh's extensive experience in oil and gas production, drilling, completions, well interventions, and construction across the United States provides a robust platform to help industry partners enhance safety and bring workers home safe.*