



How Construction CEOs Mitigate Supply Chain Risk

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Risk mitigation isn't just a defensive play—it's a path to competitive growth.

How Construction CEOs Mitigate Supply Chain Risk

In times of uncertainty, markets tend to stall and business decision-making slows to a crawl. However, for the most prepared and well-structured organizations, uncertainty also reveals opportunities: to outperform peers, solidify strategic advantages, and pivot more quickly than those caught off guard. In the world of commercial construction, where every day of delay and every percentage point of material cost volatility can drastically affect margin, risk mitigation isn't just a defensive play; it's a path to competitive growth.

Today, supply chain risk is a boardroom concern. CEOs and CFOs across the construction ecosystem are rethinking procurement practices, distribution relationships, and material tracking technologies. At stake is not only profitability, but project reliability, reputation, and labor productivity.



Commercial Construction's Resilience and Outlook

Despite broader macroeconomic pressures, the outlook for commercial construction, particularly within mechanical, electrical, plumbing, and civil trades, remains strong. Industrial reshoring, data center and infrastructure expansion, and long-term energy transition projects are fueling demand. According to Dodge Construction Network, nonresidential building starts are projected to increase by 6% in 2025, with infrastructure projects experiencing an even sharper rise.

Yet this momentum is not without friction. Global materials shortages, shipping constraints, and domestic distribution bottlenecks continue to introduce volatility into already tight project timelines.

6% Growth

In nonresidential building starts projected for 2025

Infrastructure projects expected to surge. Growth fueled by industrial reshoring, data centers, energy transition



The Enduring Value of Vendor Relationships

While technology and data have transformed procurement, the foundation of reliable supply chains remains rooted in strong, personal vendor relationships. In construction, the "old-school" ethos of partnership built on trust, consistency, and handshake credibility still holds great importance.

Veteran procurement leaders know which reps will go to bat for them in a pinch, which suppliers will prioritize a last-minute delivery, and which distributors will absorb a pricing spike without jeopardizing the project. These relationships take years to build and cannot be instantly replaced by algorithms or dashboards.

Key Takeaways

- ➞ The most effective construction executives strike a balance: they utilize technology to gain transparency, standardize processes, and minimize waste, while also continuing to nurture the human relationships that provide resilience during crises.
- ➞ In an era of digitization, vendor loyalty still yields a real return on investment (ROI). A reliable distributor can be the difference between a stalled site and a completed milestone. Forward-thinking leaders treat their vendors not as line items, but as strategic collaborators.



Diversified Sourcing: The First Line of Defense

The most immediate lever for mitigating supply risk is diversified sourcing. Contractors who previously relied on single distributors are now exploring a broader range of vendor relationships, multi-regional supply strategies, and category-specific backups. These firms understand that price competitiveness alone is not enough. Availability, shipping consistency, and flexible terms are just as critical.

Yet, building a diversified supply chain requires systems that offer transparency and efficiency. Without them, decision-making is slower, procurement mistakes are more frequent, and visibility into supplier performance is lost.

A 2023 McKinsey report found that companies with diversified supplier bases and digital procurement platforms were

3x more likely to maintain
continuity during shortages

Key Tactics

- ➞ Build multi-regional vendor networks
- ➞ Prioritize availability & flexibility, not just price
- ➞ Invest in procurement visibility tools



Warehouse Command: Inventory Optimization as Risk Control

Inventory tracking is no longer clerical—it's strategic

A proper sourcing strategy means little without precise control of your materials. Construction CEOs are investing heavily in warehousing optimization, vehicle inventory visibility, and automated reordering. Knowing what you have—across warehouse shelves, job trailers, and trucks—is the foundation of any materials risk program.

When inventory is managed reactively, over-ordering, theft, and stockouts are inevitable. Proactive inventory control enables project managers and procurement leads to anticipate shortages before they delay work, and plan bulk purchases to mitigate pricing fluctuations.

Leading firms now view inventory tracking as a strategic function, rather than a clerical one. This shift can reduce material waste and shrinkage by up to 20% in organizations implementing ConTech-based inventory platforms.

➔ 20% Reduction in waste & shrinkage

➔ Better bulk planning =
lower cost volatility

➔ Improved vehicle inventory visibility



Procurement professionals now hold the leverage.

Shifting the Power Dynamic: Procurement Reclaims Control

For decades, materials distribution has been a stable if opaque ecosystem. Many trades operated with single-source agreements or long-standing vendor loyalties. Wholesalers often operated with minimal price transparency, protected by regional monopolies or no-bid contract models.

The model is breaking

Today's procurement professionals have more leverage than ever. Real-time pricing visibility, side-by-side quote comparison tools, and digital vendor directories are changing the game. Construction leaders are seizing this shift, realizing they can manage vendor relationships on their terms, not the other way around.

With construction procurement software, teams can now:

- ✓ Send RFQs to multiple vendors simultaneously
- ✓ Compare pricing and lead times side-by-side
- ✓ Automate quote-to-PO conversions
- ✓ Track vendor performance over time

This leads to more competitive pricing, greater transparency, and faster sourcing decisions; a significant competitive advantage in the face of volatility.



62% of enterprise contractors plan to increase AI investment in procurement citing cost control and supply risk mitigation as primary drivers – FMI, 2024

AI-Driven Procurement: Tools for Resilience and Growth

To future-proof their supply chains, top contractors are adopting AI-driven tools to manage materials risk proactively. Leading ConTech providers have introduced a new wave of AI tools purpose-built for commercial contractors. These include:

Predictive Purchasing

AI models forecast material needs based on historical usage, upcoming project timelines, and supplier lead times

Vendor Quote Intelligence

Automatically extracts pricing from emailed quotes and flags discrepancies against standard cost data.

Automated Substitutes

Recommends alternative SKUs when preferred items are out of stock or delayed.

Spend Analytics

Surfaces purchasing trends and vendor performance to improve future negotiations and reduce overspending.



Construction Technology for Supply Chain Resilience

Construction software is no longer just an operational tool; it is a strategic asset. By centralizing procurement workflows, enabling vendor competition, and equipping teams with AI-powered tools, construction technology helps contractors build smarter, more resilient supply chains.

In a fragmented industry where every project depends on thousands of physical components arriving in the right place at the right time, technology can offer CEOs something rare: certainty.

Benefits of ConTech-enabled procurement include:

30%-50%

Faster material quote turnaround times

5%

cost savings on labor and materials per project

25%

Fewer procurement-related project delays



Final Takeaway for Construction Leaders

For construction CEOs navigating inflation, tariffs, labor shortages, and global unrest, supply chain resilience must become a core competency. Investing in tools and systems that enable more innovative procurement is no longer optional; it's foundational to maintaining growth, performance, and control.

Construction leaders who invest now will not only mitigate risk; they will also reap the benefits. They will redefine what operational excellence looks like across the entire construction lifecycle.



About Kojo

Kojo is the construction industry's leading materials and inventory management platform.

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Kojo has been able to streamline our entire procurement process, from the requisition down to payment to the vendor.

Ryan Smajstrla
Associate Director of Purchasing
Alterman



Contact us to learn how we can help your organization build resilience into your materials operations and protect your bottom line in 2025 and beyond.

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