

A NEW ACID TEST FOR SUPPLY CHAIN TALENT MANAGEMENT

Key Takeaways

- The complexity surrounding the supply chain's evolution has heightened the difficulty of finding and attracting the best available supply chain leaders.
- To work through this challenge, hiring teams can recognize the business imperatives and talent implications of their evolving supply chains and then pragmatically derive an "acid test" for assessing the talent currently available in the marketplace.
- A thorough understanding of these "must-have" experiences enables more effective targeting and screening of candidates.

Defining the Critical Requirements for your Supply Chain Leaders

By Carlos Garcia and Bill Fello

In today's flatter world, leading supply chains are defined by less vertical integration and more dynamic collaboration among global trading partners.

These changes have created new manufacturing and distribution footprints amid ever-present competitive pressures that require additional supply chain breakthroughs. Although a clear picture of the new supply chain leader exists – a strategic decision-maker with deep cross-functional expertise, strong customer and supplier relationships, a global mindset and demonstrated success as a "change agent" – the supply chain's growing complexity and value to an enterprise raises the ante in the search for operating leaders.

Executives who have amassed the experience and skill sets that match this new profile are in short supply. Consequently, hiring teams face an array of questions and tradeoffs in their efforts to ensure that their search for a supply chain leader aligns with their organization's current and future needs.

The challenge is to prevent the ambiguities of today's evolving supply chain from confusing the selection criteria in searches for supply chain leaders. What is the essence of a given leadership role? How many ways can candidates "meet the spec?" Which profile tradeoffs can be anticipated? What "acid test" requirements must any candidate pass? A precise focus on the critical requirements for the role enhances the speed and targeting in executive recruitment, where success is all about quality of fit.

This paper provides guidance to hiring teams to help them:

1. understand the talent implications of the evolving supply chain;
2. ask the right questions about supply chain experience and their company's supply chain needs; and
3. use those insights to make tradeoffs when designing a recruitment strategy and assessing candidates.



Understand the Talent Implications

The supply chain's rapid and complex evolution raises difficult questions for hiring teams:

- What blend of experience, skills, know-how and insights does our evolving supply chain absolutely require?
- Where do the leaders who possess this blend of capabilities exist in the current talent marketplace?
- What does it take to attract them?
- How can we best leverage their talents through the appropriate organizational design and positioning?

The answers to these questions begin with an understanding of how the evolving supply chain translates to a company's unique talent requirements for the new supply chain executive. In our experience, those requirements tend to fall into the following three categories:

Strategic Insight: Strategic Insight is often mentioned first among the skill sets required. Generally, this means the ability to envision global supply networks and anticipate technology trends to create competitive advantage. This demands conceptual reasoning skills, as it involves repositioning your operations with customers and suppliers within the value-chain complexities of the industry. Successful supply chain executives can see through this complexity to identify how the supply chain truly adds value in collaboration with suppliers and customers. And, they can sell the concepts to all constituencies.

To identify the "must haves" when defining your supply chain leader's profile in the area of Strategic Insight, it helps to ask questions such as:

- How complex is our supply chain (demand side, supply side and value-added)?
- Where and how is it changing? Why? By whom?
- What analogies can be drawn to different industries (no matter how far removed)?



- Which frameworks transferable from other industries promise the greatest impact?

Operational Know-How: The next set of requirements involves the know-how to execute. This means aligning the supply chain organization for operational excellence in a changing business context – the environment described in Thomas Friedman’s best-selling book, “The World Is Flat: A Brief History of the Twenty-First Century” (Farrar, Straus and Giroux, 2005) – where a standard business model is rarely competitive around the globe. Supply chain leaders are increasingly implementing their strategic insights and vision with a “mixed-models” approach that accommodates the unique needs and characteristics of the different markets and countries in which they do business.

Operational Know-How also means applying analytical management methods to find the best solutions to tactical operational challenges and to enable implementation of the strategic vision. That capability requires a breadth of know-how because the requirement for increased collaboration across functions generates business decisions with supply chain implications. The most exciting supply chain leaders are complete business leaders with financial and overall business acumen, not just supply wizards.

When identifying the “must haves” in Operational Know-How for your supply chain leaders, it helps to ask:

- What is the quality of our current supply chain infrastructure?
- How competitive are our supply chain systems, processes, organization and assets?
- What is our mix of integration vs. decentralization in current operations?
- Which supply chain roles are key to our operations?



Leadership Skills: Leadership Skills represent a third set of requirements. These skills involve driving transformation by focusing an organization on the true business imperatives and compelling others to action in a distributed leadership environment, often with a combination of direct and matrix structures.

Articulating the strategic vision and activating operational know-how requires a level of communication skills and persuasiveness that is increasingly discernable among exceptional supply chain leaders. They truly are “organizationally savvy,” a combination of organizational agility and political savvy. The command-and-control model has given way to mixed operating models, particularly in global organizations. Supply chain models frequently vary by region and country.

Moreover, many organizations continue to do more with fewer people. These dynamics require a supply chain leader who can drive performance through virtual teams and enable ongoing revitalization through their leadership. This is especially important in the current business environment where so many feel “over-matrixed” and under-resourced. Leadership makes the difference between average and world-class.

To specify the “must haves” in Leadership Skills, it helps to ask:

- What types of change imperatives are we facing?
- How much cultural change do we anticipate will be necessary?
- Which relevant firms have faced analogous changes? Who was in the driver’s seat of their supply chain transformations?

Ask the Right Assessment Questions

Understanding the implications of current supply chain trends on talent requirements, hiring teams can begin to assess what attributes best meet their supply chain leadership needs. To prioritize among



these, hiring teams find it useful to ask several questions in the following four areas:

Breadth of Supply Chain Experience

- What supply chain roles should a candidate have experienced?
- Which experiences are most important for the business?
- Of what scale and impact need these experiences have been?
- How broad is the experience of the current supply chain leaders?
- How deep is the expertise of the current supply chain team?

Quality of the Supply Chain Infrastructure

- What is the current state of the company's supply chain systems, processes, organization and assets?
- How integrated is the organization's current supply chain?
- Are compensation plans aligned to have the entire functional leadership team pulling together?
- What mix of centralized vs. decentralized supply chain experience is most appropriate?
- What type of infrastructure should candidates have built or experienced?

Complexity of the Supply Chain

- What drives the company's supply chain (e.g., channel structure, supply echelons, fulfillment speed, product variety, demand variability, supply reliability)?
- What are the salient trends in the industry's value chains?
- Which industries are most analogous for the business and what do their supply chain trends imply for the future?

Magnitude of Supply Chain Change Programs

- What imperatives for change does the business face?
- What degree of cultural change will the supply chain strategy require?
- What role should candidates have played in similar change programs?

Make Tradeoffs

Once hiring teams have reached a critical understanding of their business model and defined the “must-have” skills that define their archetype supply chain leader, they must avoid a common barrier. The barrier is actually a gap between a role's critical success factors and the additional “nice-to-haves” that needlessly over-specify the attributes required.



For example, the president of a FORTUNE 500 company's business unit needed a new supply chain vice president to replace a retiring leader. The "spec" stipulated a complex mix of experiences that exceeded even exceptional executives' profiles at the predefined salary level. Candidates with the cumulative experience existed, but their cash compensation levels exceeded this role's target.

Rather than raise the compensation constraint, the hiring team derived a series of complementary tradeoffs in candidate profiles to reformulate the requirements around a career vector that captured candidates with the "must-have" experiences earlier in their careers. These tradeoffs were based on specialized knowledge of the talent marketplace and a deep understanding of the many roles played by today's supply chain leaders. The tradeoffs covered the following areas:

- Industry Background: consider industry outsiders with transferable concepts and skills
- Functional Background: focus on logistics expertise as the key for supply chain innovation (the other supply chain areas were considered well understood and well managed)
- Prior Change Leader Roles: focus on continuous improvement experience because supply chain strategy and systems were already at "steady state"
- Geographic Scope: consider a large regional role rather than only a global role
- Customer Link: focus on experience with the fastest-growth channel, rather than emphasizing some more traditional distribution channel
- Size of Business: stress complexity (e.g., network nodes and ship-to-points) rather than size (e.g., revenues)

This critical analysis effectively derived the essence of the required experience set. This process did not reduce standards: the hiring team continued to look for exceptional talent on the same career vector; it just looked for exceptional talent earlier on that trajectory by stripping away "nice-to-have" requirements. The "acid test" became:



1. success with the critical channel (not the biggest);
2. experience with a network of specific complexity (not just size); and
3. logistics expertise (rather than cumulative end-to-end experience).

The tradeoffs that this particular company executed, as well as related supply chain talent tradeoffs other companies increasingly perform (see “Tradeoff Scorecard” below), are not necessarily binary. Rather, they involve making decisions about different shades of qualifications in an effort to calibrate the specification and distill the key success factors.

By applying that rigor to the recruitment strategy, hiring teams can more effectively contend with the difficulties posed by the evolving supply chain and, ultimately, locate and attract the best available supply chain leaders.

Tradeoff Scorecard

The attributes and tradeoffs listed below reflect common areas with which hiring teams can prioritize their requirements for supply chain leaders. In most cases, hiring teams conduct only a handful of these tradeoffs – all of which depend on two factors: the “must-have” experiences they derive from an analysis of their company’s business model; and a thorough understanding of the external talent marketplace.

Attributes	Tradeoffs	
Management Trajectory	Staff/Function	Line/General Management
Industry Background	Closely Related	Unrelated (with transferable skills)
Functional Background	Supply Chain Specialist	Operations Generalist
Career Level	Seasoned Expert	Best Athlete
Geographic Scope	Local/Regional	National/Global
Prior Change Leader Roles	Continuous Improvement	Step Change Improvement
Customer Links	Business-to-Business	Business-to-Consumer
Channel Structure	Tiered	Direct
Customer Service	Light	Intense
Aftermarket Issues	None	Significant
Gross Margins	Low	High
Asset Turns	High	Low
Asset Intensity	Third Party	Owned
Footprint	Few	Many
Vertical Integration	Low	High
Market Environment	High Growth	Low Growth
Competitors	Fragmented	Concentrated
Product Complexity	Simple	Complex
SKU Complexity	Few	Many
Size of Business	Small	Large



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