Mega-Trends in Supply Chain Management: The Role of Talent on Supply Chain Performance

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David J. Closs, Ph.D.
Chairperson, Department of Supply Chain Management
The Eli Broad College of Business
Michigan State University
closs@msu.edu
Overarching Research Questions

“What emerging trends or developments will shape the future of supply chain management?”

“Why are some firms more successful with strategic supply chain management than others?”

(even when they possess similar tools, systems and practices)"
Michigan State University Team

- David J. Closs, Ph.D.
- M. Bixby Cooper, Ph.D.
- Patricia J. Daugherty, Ph.D.
- David J. Frayer, Ph.D.
- Stanley E. Griffis, Ph.D.
- Nick Little, MCIPS
- Steven A. Melnyk, Ph.D.
- Gary L. Ragatz, Ph.D.
- Judy M. Whipple, Ph.D.
**Project Outline**

- **Phase I:** In-depth interviews with 50+ medium and large firms
  - Manufacturers, retailers, and service providers across North and South America, Europe, Asia, and Africa
  - Enabled broad understanding of strategic initiatives being undertaken and capabilities firms were developing

- **Phase II:** Online survey
  - Predominantly manufacturer and North American based
  - Examines linkages between competencies, capabilities and performance
Online Survey Research Process

- Survey development
- Overall survey response (336 total responses)
  - APICS/MSU
  - Market research firms
- Various demographic information
  - Respondent job title and scope of responsibility
  - Type of firm
    - 70% manufacturers
  - Size of firm (sales and employee)
Insomnia

- Integrated solutions
- Talent and leadership
- Complexity and risk
- Threats/challenges
- Compliance
- Cost/purchasing issues
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Respondent Information

**Level of Respondent**
- President: 43%
- SVP: 39%
- Director: 18%

**Scope of Responsibility**
- Logistics: 30%
- Purchasing: 15%
- Production/Mfg: 34%
- SCM: 21%
Firm Information

Annual Sales
- Under $250m: 30%
- $250m-1B: 29%
- Over $1B: 41%

No. of Employees
- Under 250: 15%
- 250-1000: 27%
- 1001-10,000: 31%
- Over 10,000: 27%
Corporate Strategy

- Cost: 47%
- Differentiated: 35%
- Mixed: 18%
Organizational Reporting Structure

- Centralized – SCM function reports to CEO
- Decentralized – each unit has its own SCM function or several units share a SCM function
- Matrix – SCM function has unit and corporate responsibility
Practices, Capabilities & Competencies

- **Capability**: Specific activities, skills, social networks, and resources that contribute to a specific competency.
- **Competency**: the broad set of skills, knowledge, and aptitude that create and sustain a supply chain.
- **Practice**: the specific activities engaged in by the organization to achieve supply chain goals and objectives.

![Diagram showing relationships between competencies, capabilities, and practices.](image-url)
Practices & Capabilities (An Example)

Risk Management

Practices:

- Firm’s senior management views supply chain risk management as necessary for protecting our brand or reputation
- Firm has a corporate level strategy to address risk management concerns
- Firm’s senior management views supply chain risk management as a competitive advantage
- Firm’s senior management supports supply chain risk management initiatives
Capabilities

- Complexity Simplification
- Corporate Strategic Integration
- Customer Segmental Focus
- Information Connectivity
- Information Management
- Internal Process Connectivity
- Internal Process Simplification
- Customer Communication
- Customer Relevancy
- Customer Responsiveness
- Risk Management
- Structural Adaptation
- Supply Chain Planning Responsiveness
- Supplier Collaboration
- Supplier Management
- Supplier Strategic Alignment
- Talent Management
Competencies

Corporate Strategic Integration

• Set of abilities of the organization to promote senior management support and ensure compliance with strategic vision

Customer Integration

• Set of abilities of the organization to segment and communicate with customers, while promoting relevancy and responsiveness

Internal Integration

• Set of abilities of the organization to adapt structure, reduce complexity, and increase internal process connectivity
Competencies (continued)

Resource Management

• Set of abilities of the organization to secure and manage critical resources, including materials, services, and talent

Supplier Integration

• Set of abilities of the organization to manage the supply base, collaborate and strategically align with important suppliers

Technology/Planning Integration

• Set of abilities of the organization to manage information, promote technologic connectivity, and plan the supply chain
Key Considerations: Capabilities and Competencies

- **Capability** – the infrastructure, processes, systems, assets, and resources to develop a specific competency

- **Competency** – the broad set of skills, knowledge, and aptitude that create and sustain a secure supply chain
## Do Competencies Influence Performance?

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<th>Internal</th>
<th>Integration</th>
<th>Supplier Integration</th>
<th>Customer Integration</th>
<th>Tech/Plan Integration</th>
<th>Corporation Strategic Integration</th>
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Supply Chain Performance Drivers

Drivers

Resource Management
- includes risk mgmt and talent development/recruit

Internal Integration
- includes structural adaptation, complexity simplification, internal process connectivity, internal process implication

Supplier Integration
- includes supplier strategic alignment, supplier collaboration (operational fusion), and supplier management

Customer Integration
- includes segmentation, relevancy, responsiveness, customer communication

Technology/Planning Integration
- includes info mgmt, connectivity, and SC planning

Corporate Strategic Integration
- includes 2 items of top management and 1 item of compliance

Performance

- Sales Growth
- Profit
- ROI
- Customer Satisfaction
- Competency
- 3 year growth
- Market Share
- Asset
- Inventory Turns
- Overall Performance
- SCM Strength

$R^2 = 0.68$
Conclusions

• In the minds of today’s SCM executives, talent and resource management are the primary drivers of SC performance.
• Firms are beginning to use different employment models as a means to develop a talent competitive advantage.
• Increase SCM collaboration with sales to understand cross-functional requirements and to provide increased value to customers.
• Increase consideration of T-shaped skills for employment acquisition and development.
Conclusions

• Increase cross-functional collaboration (ex. SCM with sales) to understand requirements.
• Sell benefits of S&OP beyond planners to understand the requirements for integration
• Firms’ real talent needs must become top-of-mind to students and primary suppliers (universities and training programs).
The Future Outlook for SC Talent

• Demand

• Supply
The Future Outlook for SC Talent

• Demand
  – **Brian McNelis**, VP, Procurement, North America Bayer HealthCare
  – **Wendy Leakeas**, VP, Enterprise Sales & Ops Planning Ingersoll Rand
  – **Madelyn Bricco**, Supply Chain Strategy Director, The Dow Chemical Company
  – **J. Donald Sheets**, Vice Chairman, Dow Corning Corporation
The Future Outlook for SC Talent

• Supply
  – Cheryl Dalsin, Director Academic Outreach, APICS
  – Judy Jacobs, Director Corporate and Student Relations, Supply Chain Management, Michigan State University
  – Teresa Carroll, Senior VP & GM, Global Talent Solutions Kelly Services
  – Evan Raubacher, President – MSU Supply Chain Management Association
Questions?!?!