



Supply Chain Talent: A Broken Link in the Supply Chain

Five Proven Strategies to Close the Gaps

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Disclosure

Your trust is important to us. As such, we are open and transparent about our financial relationships and our research processes. This independent research was 100% funded by Supply Chain Insights LLC.

Research

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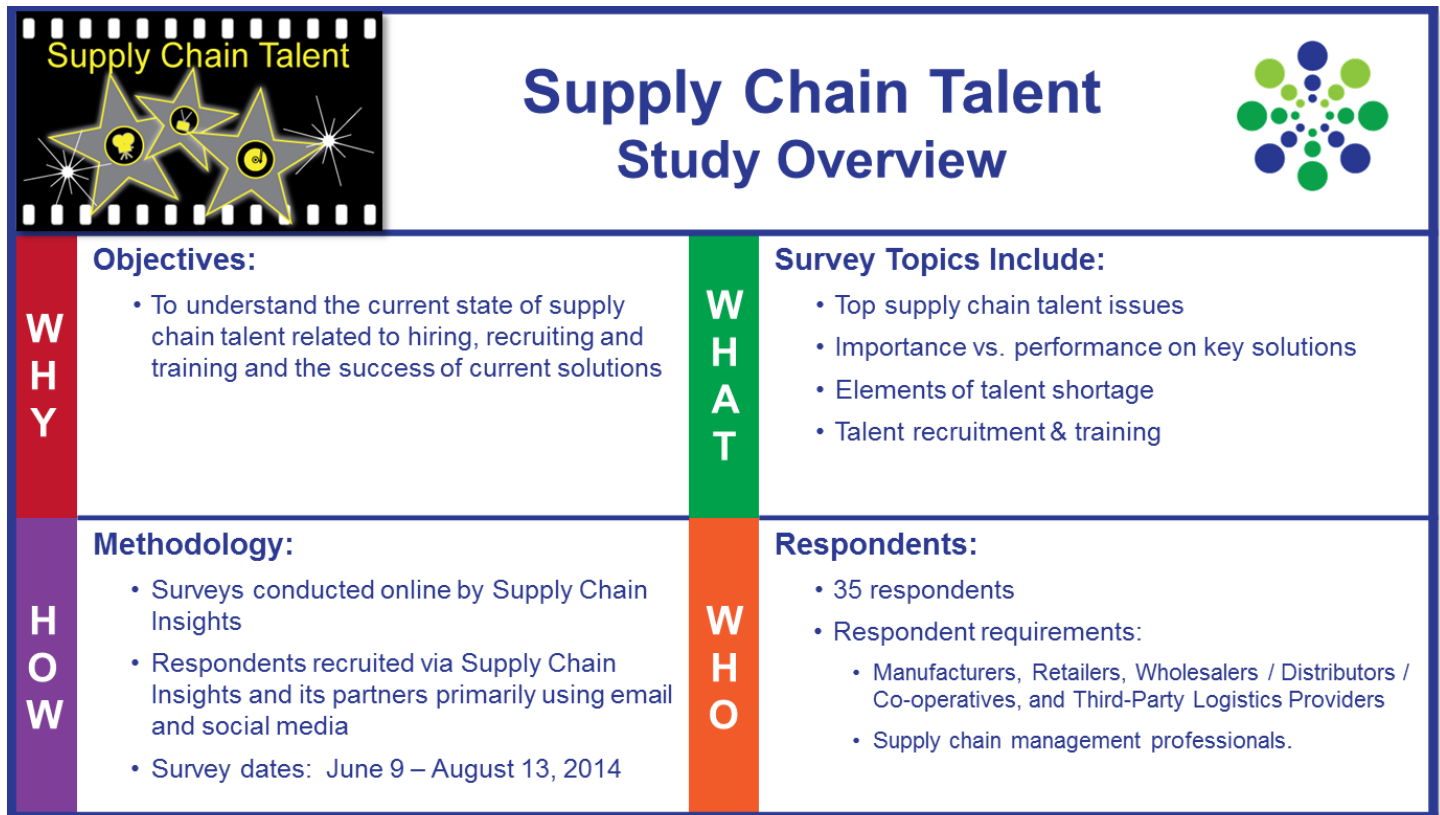
Research Methodology and Overview

This report is based on 35 supply chain leaders from a quantitative study fielded in June-August, 2014. Each respondent to the study was in the supply chain management department. The quantitative objectives of the study are outlined in the study overview shown in Figure 1, while the detailed demographics are shared in the Appendix of this report.

At the end of this report, we share recommendations on five strategies to improve supply chain talent. These recommendations are based on both this research and insights gleaned from one-on-one interaction with supply chain teams—either sharing talent research in public training classes or in strategy days with supply chain leaders.

To guide the reader and ensure clarity in reading the report, we start here with some definitions. Supply chain talent development is the process of recruiting, hiring, training, coaching and mentoring the supply chain team. The supply chain is defined as the group within the company that is charged with delivering the right product at the right time at the right cost to the customer. As seen in the Appendix, the definition of the supply chain organization varies by company.

Figure 1. Overview of Supply Chain Talent Study

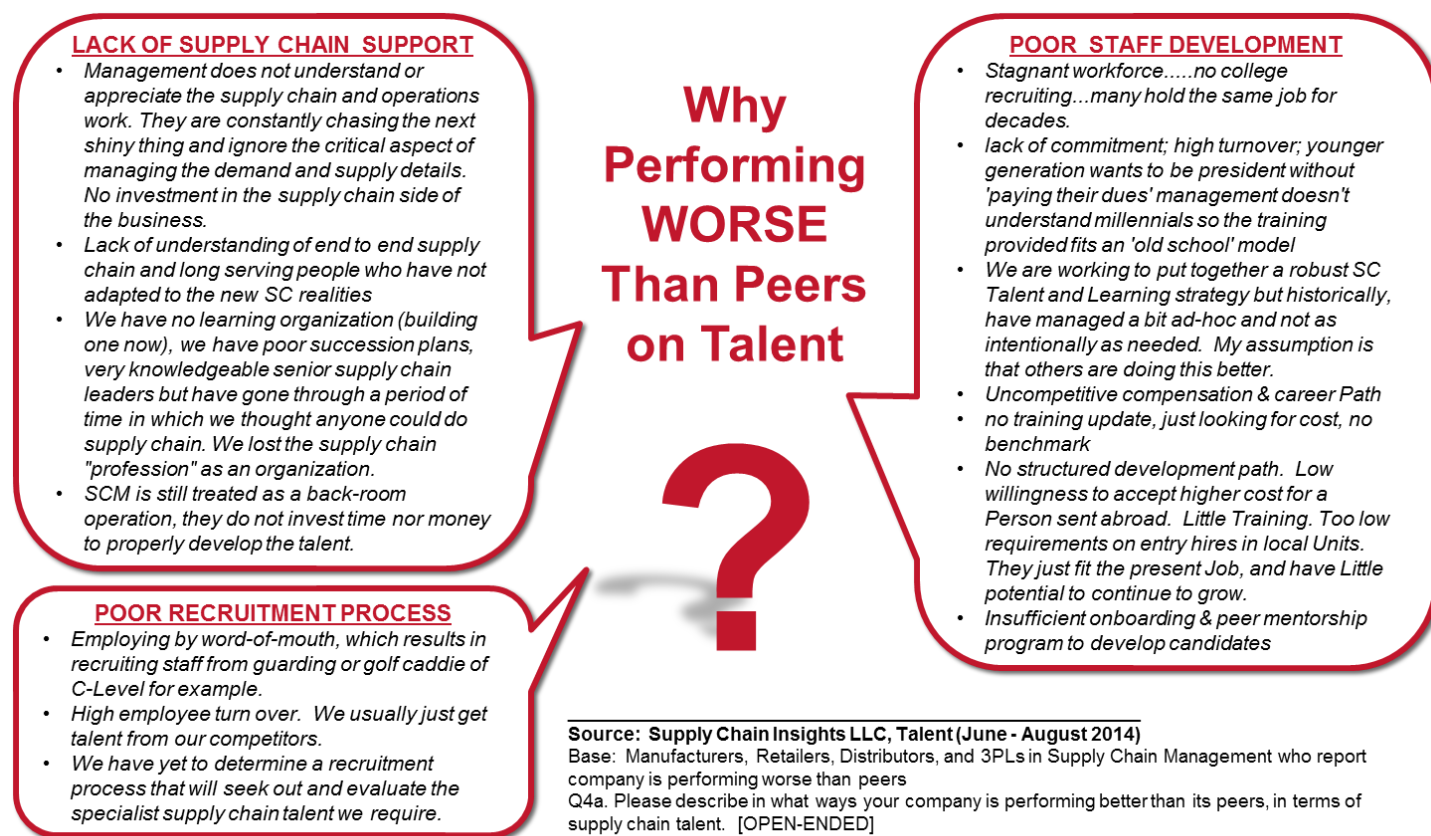


The study focused on gaining an understanding of managing three different groups of employees within the supply chain organization: supply chain executives, middle-management talent, and entry level employees. Supply chain executives are Senior Directors, Vice Presidents or Senior Vice Presidents, or leaders of a supply chain organization, while middle-management supply chain talent includes Senior Managers and Directors. Middle-management talent will often have direct reports, but are not charged with leading the organization. Entry level talent includes employees who have joined the organization, typically from college recruiting, and are commonly individual contributors.

Executive Overview

Ask any supply chain leader, “Is the management of supply chain talent important?” and you will get an overwhelming “Yes!” as a response. Yet, only 14% of companies rate themselves as doing better than their peer group when it comes to managing supply chain talent. Surprisingly, 43% of the survey respondents believe that they perform worse on the management of supply chain talent than their peers. The ratio is 3:1. Why the gap? There are many drivers, but the primary reasons are three: management support, recruitment, and staff development. The open-ended responses from the survey are shown in Figure 2.

Figure 2. Drivers of the Supply Chain Talent Issue



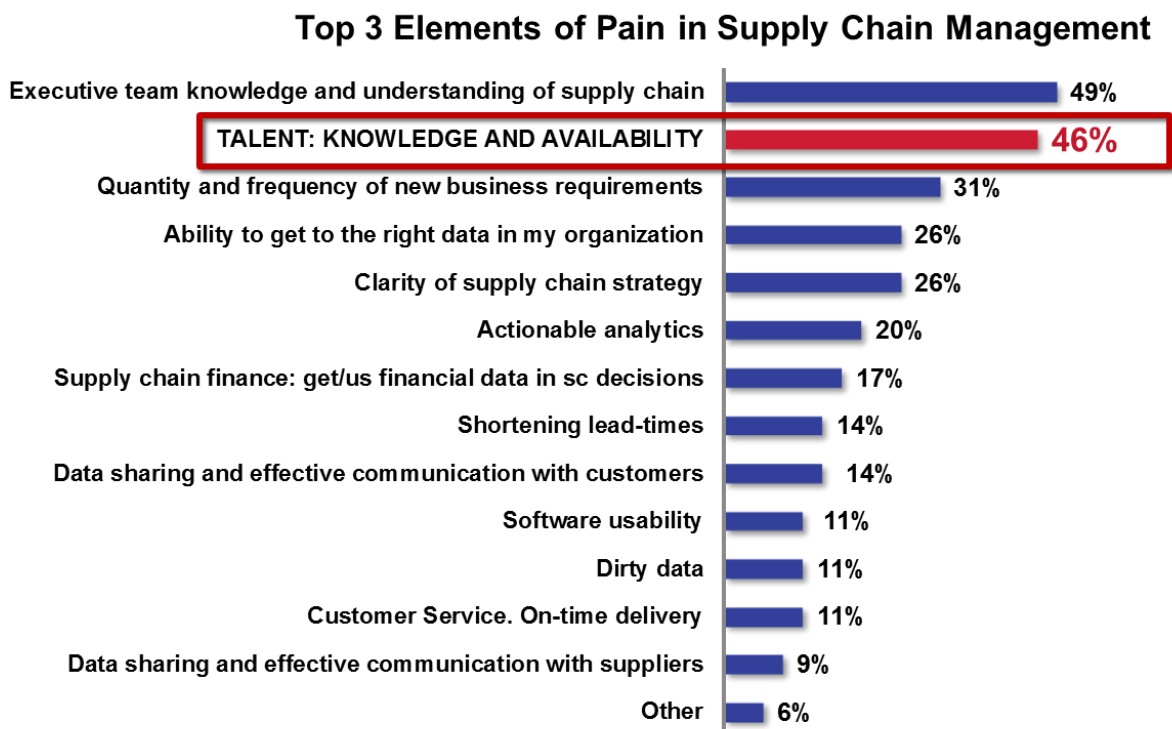
The largest gap is in the area of middle-management talent. Most companies have active programs for entry level employees, or “high-potential” employees being fast-tracked to senior leadership positions; however, the largest issues are in the area of middle-management talent. The average company has 15% turnover with 13% of positions open. The average time to fill a job is between four and five months. In the critical areas of demand planning, supply planning, and Sales and Operations Planning (S&OP) leadership, the time can be much longer. Currently, there is more demand than

supply. Companies are competing for supply chain talent. Those that have well-defined supply chain talent strategies and aligned/supportive management have the best shot at getting the best talent.

Current State

Supply chain talent and the executive knowledge/understanding of the supply chain are closely linked. If an organization is struggling to define supply chain management and gain managerial support, it is difficult to be successful in the development of supply chain talent. As seen in Figure 3, the relative pain of these two factors top the list. When we review supply chain strategies from advisory clients, we usually see the items at the bottom of the list—customer service, shortening lead-times, software usability, and actionable analytics—but we seldom see companies tackling the tougher issues at the top of the list.

Figure 3. Business Pain of Current Organizations



Source: Supply Chain Insights LLC, Talent (June - August 2014)

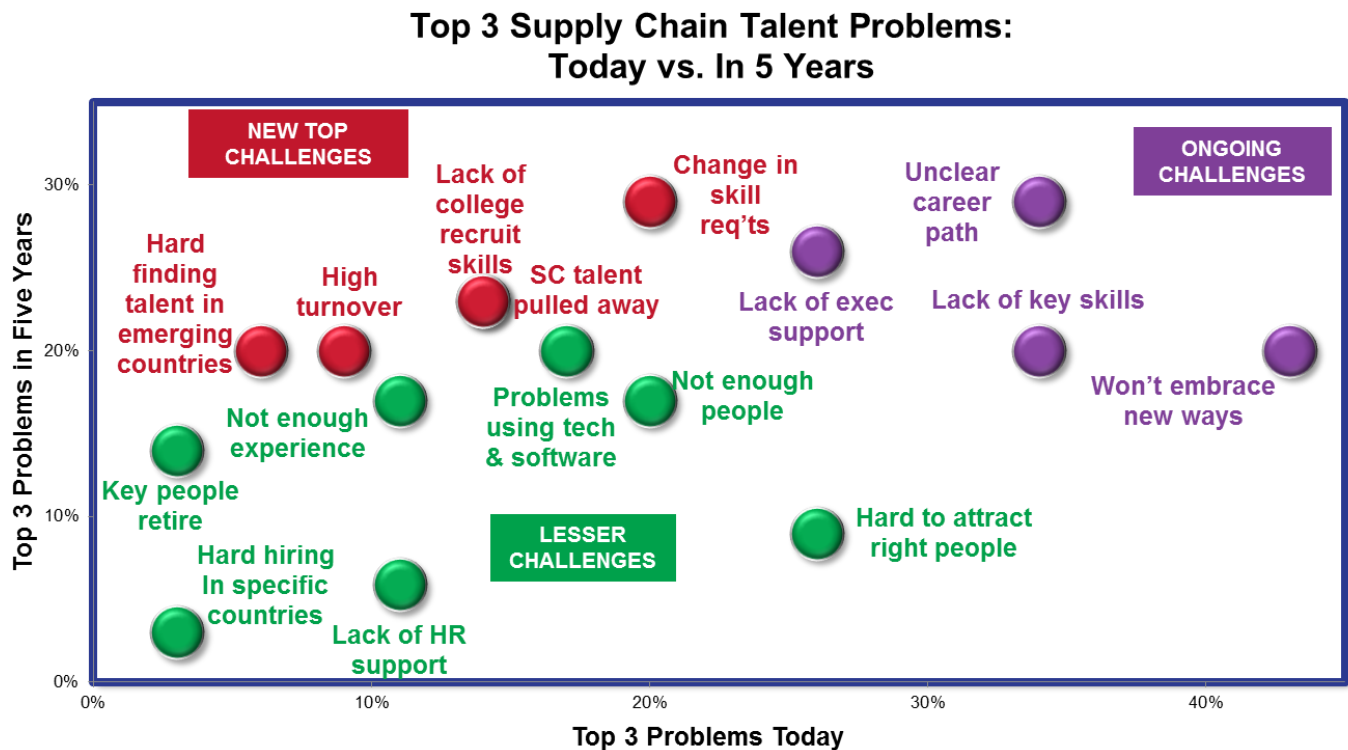
Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q3. When it comes to supply chain management, which of the following are the top 3 elements of business pain for you personally?
Please select no more than three.

One reason is that companies are new at it. The average company in this survey has had a supply chain organization for 12 years. This is a short period for organizational development, and most organizations are still struggling to figure it out.

When the current problems are contrasted to those forecasted for five years from now, as seen in Figure 4, several patterns are clear. The lack of executive support and openness to embrace new ways of doing things are problems now and are expected to continue. New challenges center on finding the right talent in emerging economies and the change in skill requirements.

Figure 4. Contrast of Supply Chain Talent Problems Today Versus Five Years from Now



Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

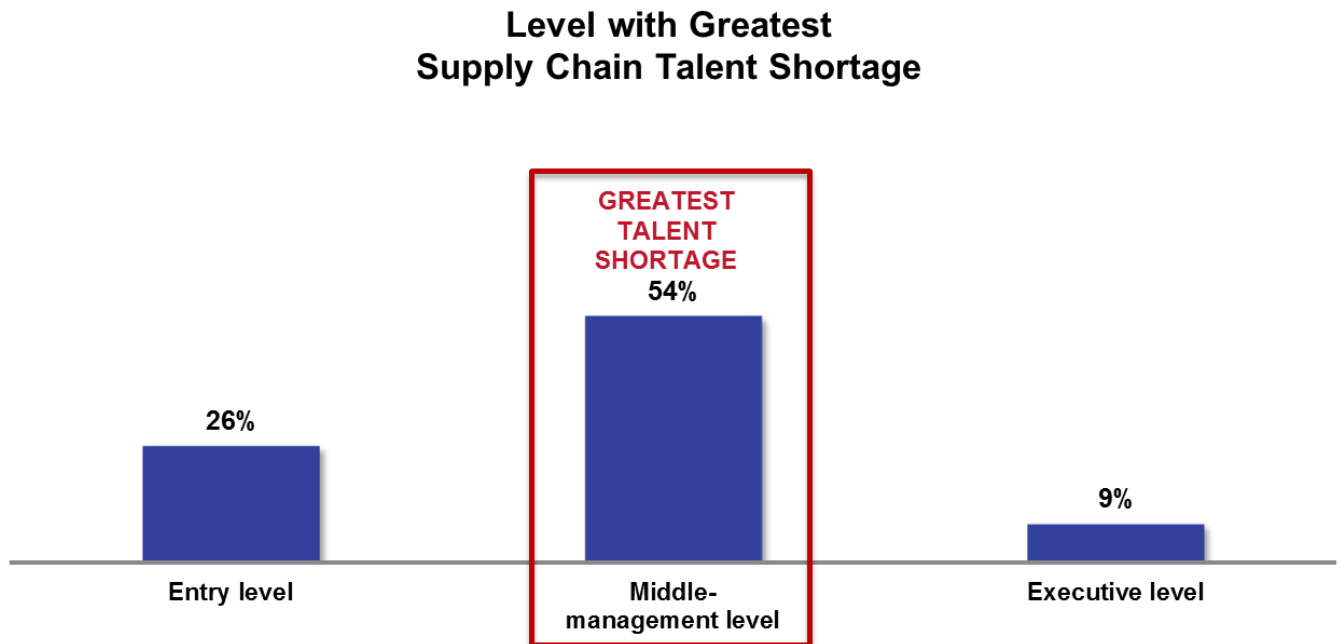
Q5. Which are the top 3 issues facing your company when it comes to supply chain talent? And what do you think will be the top 3 issues in 5 years? Please select no more than three for each column

NOTE: Scales are truncated to highlight differences

It is ironic that the greatest need for supply chain talent is in regions of the world where the processes and educational programs are not as well developed. The most mature educational programs and supporting consortia groups like CSCMP and APICS are present in North America and Europe, while the greatest demands for supply chain talent are in areas like Africa, Brazil, and China. Additionally, the wage structures in these economies are quite different, creating questions like, “How much should global multinationals move employees from region to region? How much of the time should companies hire in-country and train employees within the regions?”

Overall, as seen in Figure 5, the greatest gap for respondents is in the area of middle-management. While traditional supply chain talent programs focus on the onboarding of entry-level employees, and high-potential employees for executive positions, companies are unsure what to do to build talent in middle-management. This is especially true in the area of global talent systems. It is difficult to strike the right balance between hiring in-country and moving employees from country to country.

Figure 5. Supply Chain Talent Shortages by Type of Employee



Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q13. To the best of your knowledge, what employee level is currently experiencing the greatest talent shortage at your company? Please answer only for supply chain management positions.

Don't know / Other not shown

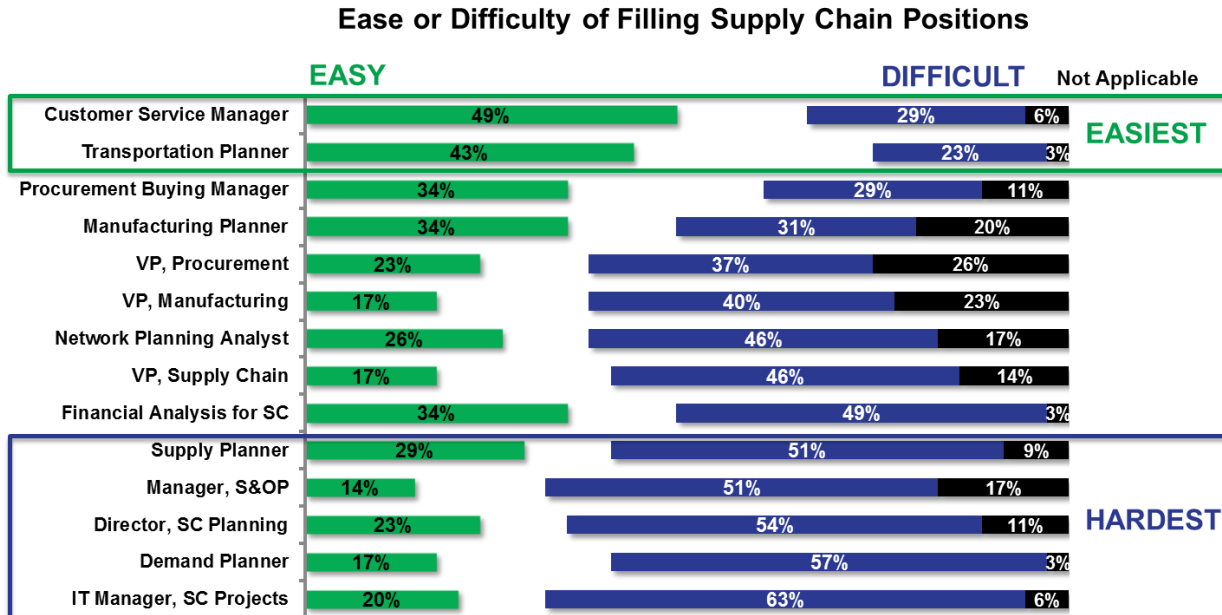
In an organization, the traditional positions of customer service, transportation, and materials planning are the easiest to hire. Similarly, in interviews and parallel surveys, we find that these processes are the most clearly understood and have the highest satisfaction with supporting technologies¹.

On the other end of the spectrum, the positions of planning—demand and supply planning and S&OP—are tougher to fill. In addition, Information Technology (IT) support positions for planning are also challenging to find the right talent. In our work with clients, we also find that the processes of demand and supply planning are not as well understood by executive leadership, leading to low levels of job satisfaction and turnover in these positions. A major problem is the lack of clarity of supply chain strategy and the overarching tendency of the organization to reward the urgent over the

¹ Voice of Supply Chain Report, Supply Chain Insights, March 2014

important. As a result, planners struggle to get time to plan and gain attention to detailed discussions on the output of “what-if” analysis on business alternatives. When an organization is reactive, constantly rewarding fire-fighting, it is difficult to build an effective planning organization.

Figure 6. Talent Gap by Position



Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q14. How difficult do you believe it is for your company to fill each of the following supply chain-related positions? Your best estimate is fine.

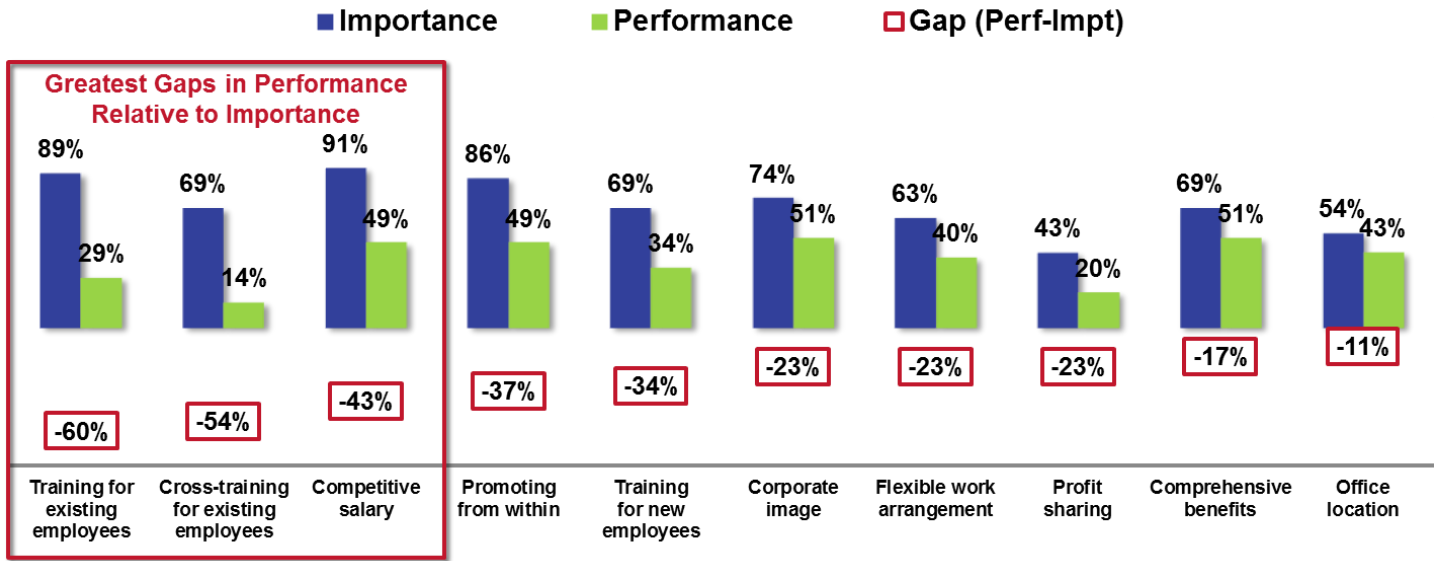
Tackling the Biggest Gap: Middle-Management Talent

In closing the middle-management talent gap, companies need to attract and retain employees and build the skill base. While there are several techniques, the most important are competitive salaries and training. The gaps between the importance and the performance of these techniques in closing the middle-management talent gap are shown in Figure 7.

Figure 7. Supply Chain Talent Solutions to Help Close the Gap on Middle-Management Talent

Supply Chain Talent Solutions: Importance vs. Performance

(Rated 5-7 on 7-Point Scale)



Source: Supply Chain Insights LLC, Talent (June - August 2014)

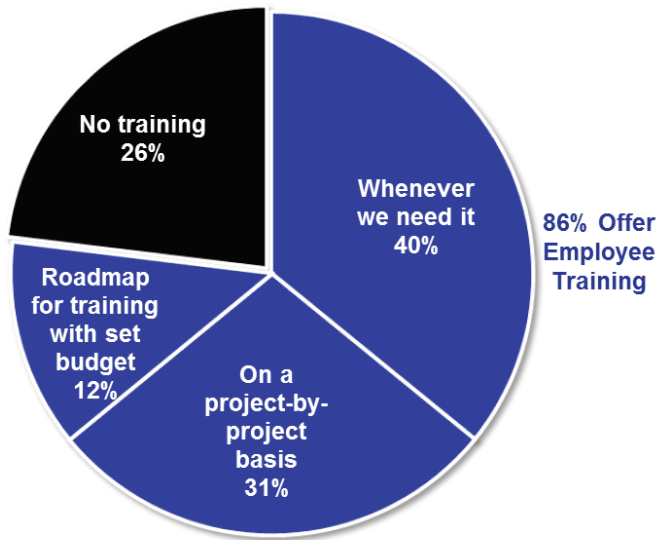
Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q7. How important is each of the following solutions when it comes to attracting and retaining supply chain management employees? SCALE: 1=Not at all important, 7=Extremely important

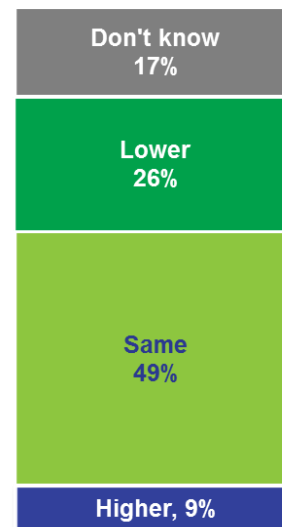
Q8. How would you rate your company's performance when it comes to providing each of these same things to supply chain management employees? SCALE: 1=Poor, 7=Excellent

Figure 8. Current State of Training for Supply Chain Talent

Supply Chain Employee Training



Training Budget vs. Last Year



Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

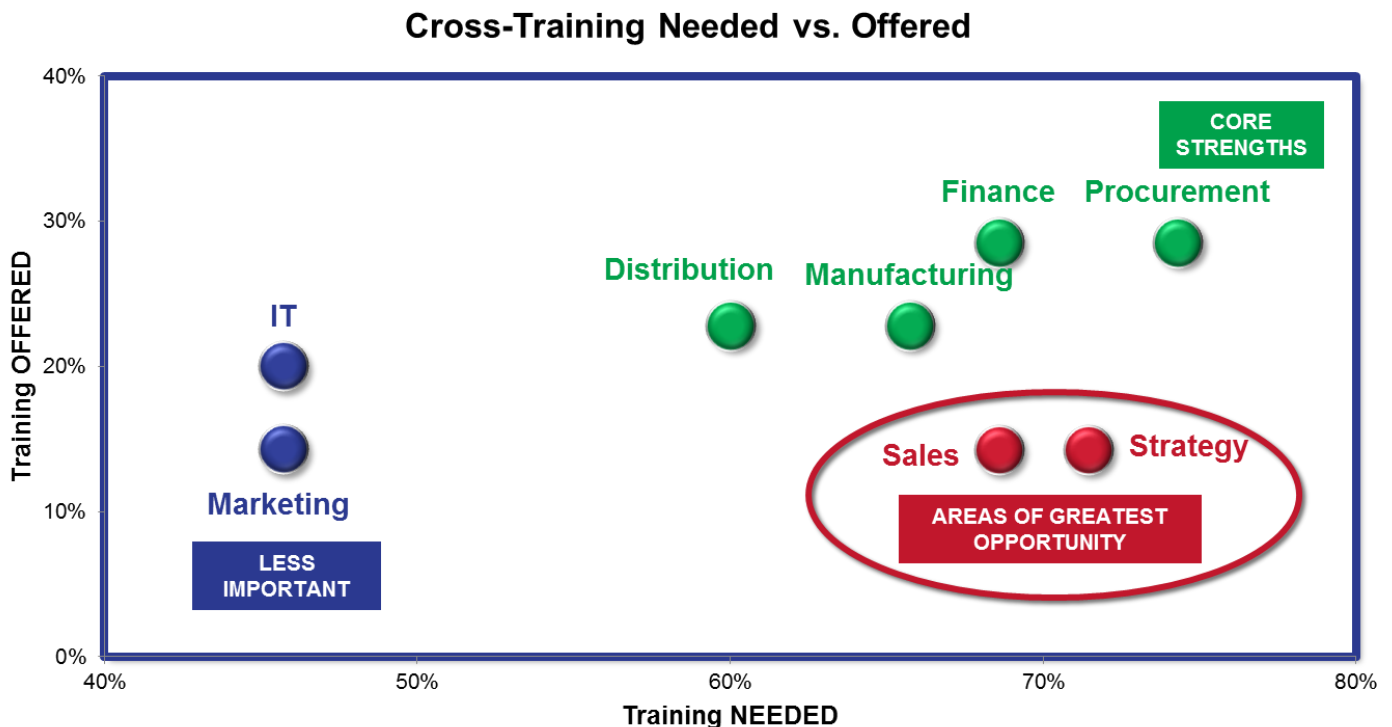
Q21. What is your company's approach to supply chain employee training? Please select all that apply.

Q22. Is your company's budget for training in 2014 higher, the same or lower than it was in 2013? Your best estimate is fine.

While training rates as important, as we can see in Figure 8, 26% of respondents have fewer training dollars versus last year, with only 9% having more funds for training. In parallel, most of the training is left up to the employee which usually means that it does not get priority.

When it comes to cross-training, the greatest gaps are in the areas of strategy and sales. There is less of a gap in the traditional areas of distribution, procurement, finance, and manufacturing. The gap between supply chain and sales is a major obstacle in organizational alignment and supply chain cross-training offers an opportunity to close the gap.²

Figure 9. Cross-Training Requirements



Source: Supply Chain Insights LLC, Talent (June - August 2014)
 Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)
 Q25. In which of the following areas do you think cross-training programs for supply chain management employees is necessary at your company? And in which areas does your company currently offer cross-training? Please mark all that apply for each.
 NOTE: Scales are truncated to highlight differences

Managing Entry-Level Talent

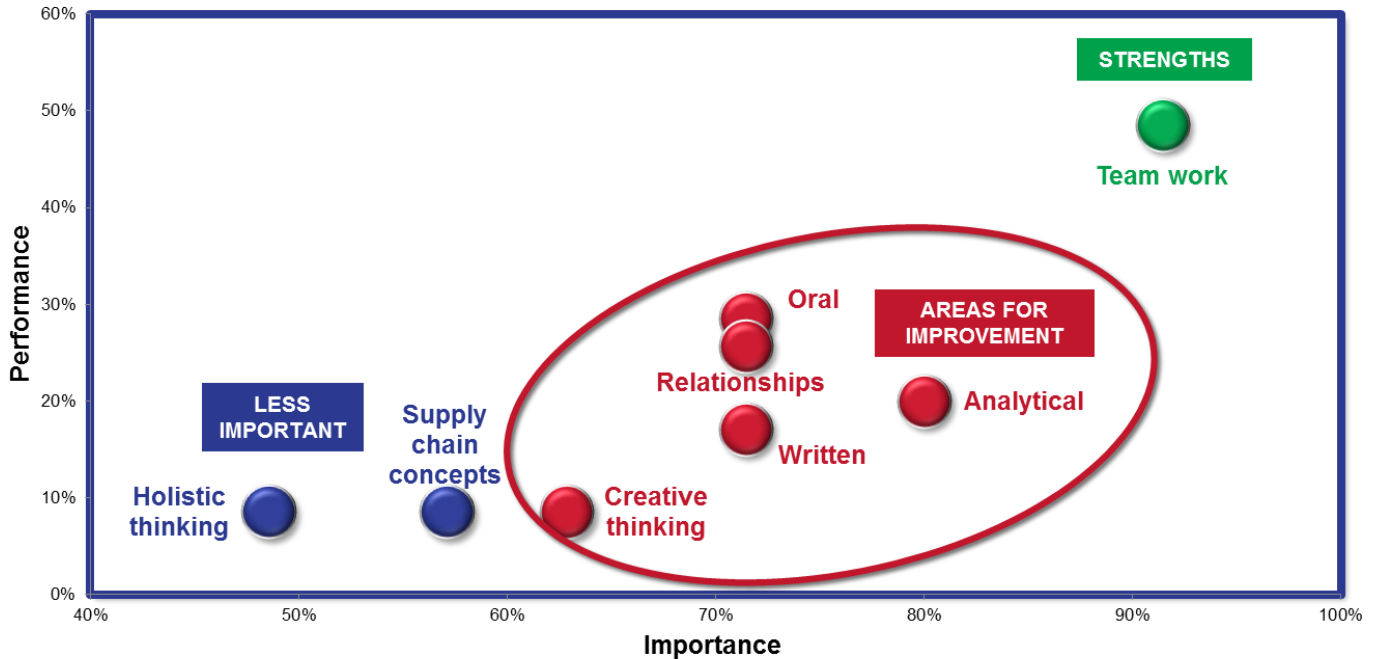
Graduates from supply chain programs at the major colleges are heavily recruited with demand exceeding supply. While employees for the first generation of supply chain talent were recruited from engineering programs—primarily chemical, mechanical and industrial engineers—today’s entry-level

² Organizational Alignment, March 2013, Supply Chain Insights

employees are coming from business school supply chain programs. As seen in Figure 10, these students are doing well at teamwork, but rate lower in holistic thinking and knowledge of supply chain concepts. The basics of written and oral communication and analytical thinking are also an opportunity. We find that many organizations take it upon themselves to try to close these gaps through on-the-job training.

Figure 10. Gaps in Employee Skills for College Recruits and Entry-Level Employees

Entry-Level Supply Chain Skills: Importance vs. Performance
(Rated 6-7 on 7-Point Scale)



Source: Supply Chain Insights LLC, Talent (June - August 2014)
 Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)
 Q26. How important is it for entry-level supply chain management employees to have each of the following skills? SCALE: 1=Not at all important; 7=Extremely important; Q27. How would you rate your company's current entry-level supply chain management employees overall, on these same skills? SCALE: 1=Poor; 7=Excellent
 NOTE: Scales are truncated to highlight differences

Five Recommendations

While the gap in supply chain talent is well-documented, there is not a lot of clarity on how to close it. Based on interviews with supply chain leaders, we offer these five recommendations.

- 1) Make Planners Feel Valued.** In most organizations, planners feel under-valued. The demand plan is always wrong, the supply plan never meets the needs and the business, and priorities are always changing. Work as a management team to improve the quality of life for planners. There will be less turnover.

- 2) **Build a Supply Chain Human Resource Competency Center.** Supply Chain teams are now large enough to require specialized efforts by a specialized human resource team for job design, training programs, planned rotation, and talent development. Today, only 1/3 of companies have a Supply Chain Human Resources function, with an average tenure of six years. Training just does not happen when each individual is tasked with their own plan, so invest in a supply chain human resource team to plan and execute training and build job progression plans.
- 3) **Consider Other Disciplines for Entry-Level Talent.** The best supply chain schools graduating talent are oversubscribed and heavily courted. Demand exceeds supply. As a result, many companies are attempting to close the gap by recruiting graduates with general **analytical skills**, and then training them on supply chain principles as part of their on-the-job training. Face the facts that demand is greater than supply, and the availability and price of supply chain entry-level talent from the best schools is tough for most organizations. In the face of this challenge, find analytics skills elsewhere.
- 4) **Cross-Train as Part of Your Supply Chain Talent Programs.** The companies that we work with that have the greatest competency in supply chain, continually cross train. It may vary by organization: at General Mills, the cross-training is more focused on movement between IT and planning; while at Dow Chemical it is cross-functional across the organization. There are many ways to define it, but we see that organizations that do active cross-training and skill development with planned movement in career paths have a higher functioning organization.
- 5) **Ensure Active Involvement of the Executive Team in Mentoring.** Build a culture of active coaching and mentoring and ask other executive team members close to the supply chain team to help. This will foster a greater cross-functional understanding.

Summary

While companies state that “supply chain talent development is important,” companies do not score well, and the demand is outstripping supply. If companies do not get more serious about supply chain talent, it will become the broken link of the supply chain.

Appendix: Demographic Data

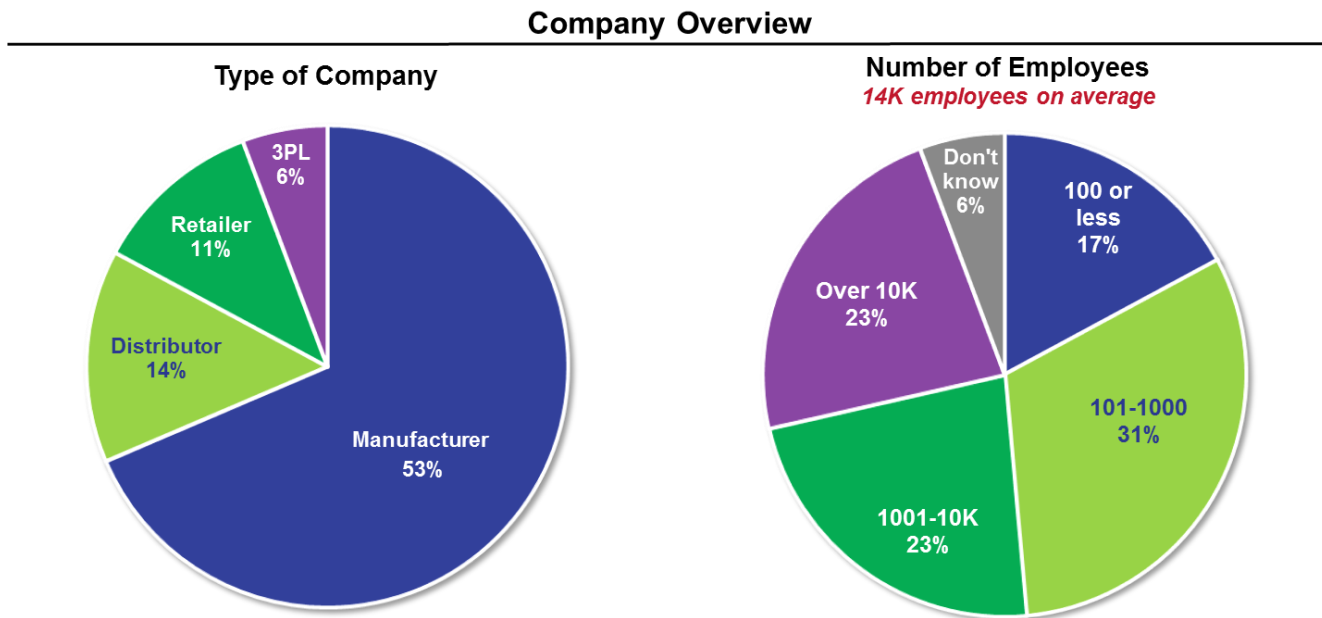
In this section, we share the demographic information of survey respondents as well as additional charts referenced in the report to substantiate the findings.

The participants in this research answered the surveys of their own free will. There was no exchange of currency to drive an improved response rate. The primary incentive made to stimulate the response was an offer to discuss the survey results in the form of Open Content research sharing at the end of the study.

The names, both of individual respondents and companies participating, are held in confidence. We never share the name of the respondents. In this section, the demographics are shared to help the readers of this report gain a better perspective on the results. The demographics and additional charts are found in Figures A–H.

The average respondent of the study has fourteen years of experience in supply chain management, and half work in a process manufacturing industry. Their supply chain has five departments reporting to the supply chain leader. In the study, manufacturing reported to the supply chain leader 30% of the time.

Figure A. Survey Respondent Overview: Size of Company



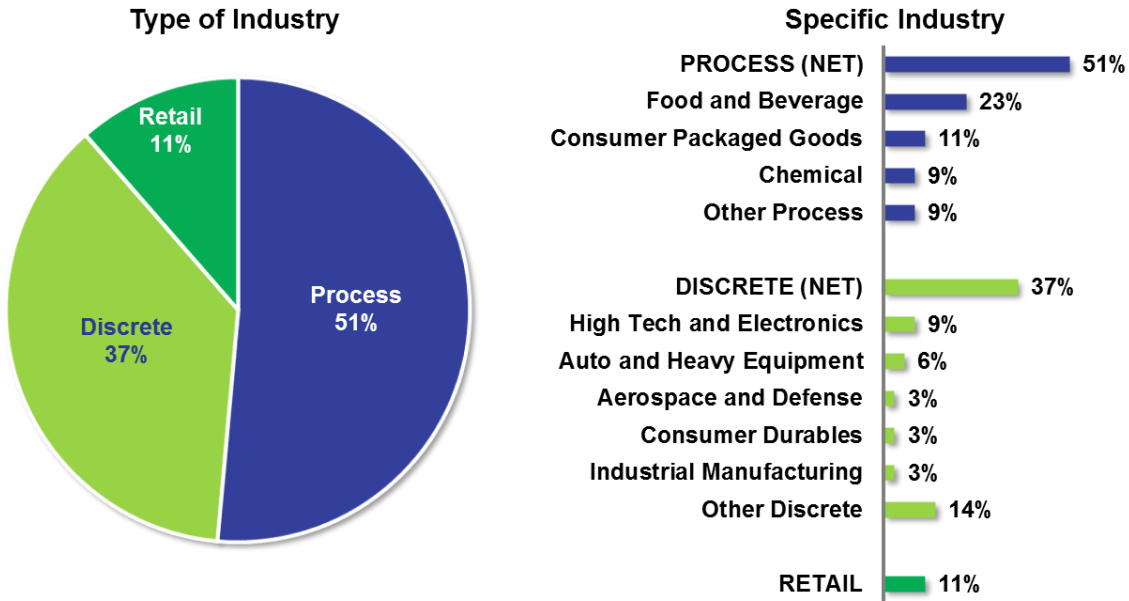
Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q1. Which of the following best describes where you work? Please select the one that fits best, even if the terminology isn't quite right.
Q38. What is the size of your organization in terms of number of employees?

Figure B. Respondent Demographics: Industries Responding

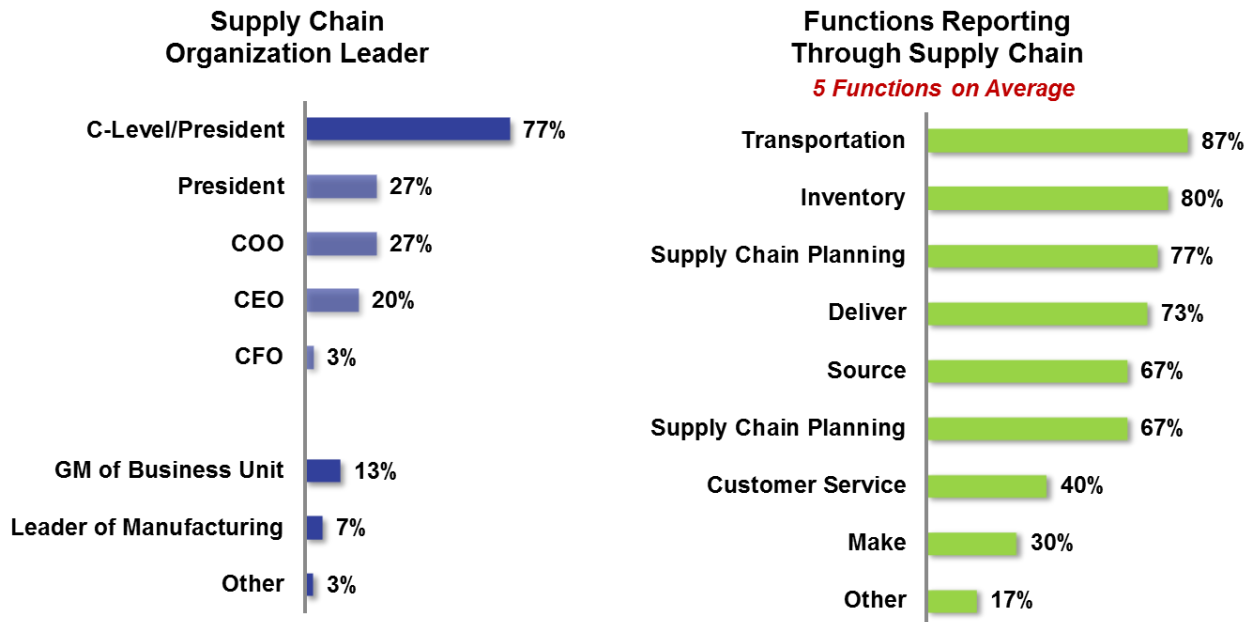
Company Industry



Source: Supply Chain Insights LLC, Talent (June - August 2014)
 Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)
 Q39/39A/B/C. Which industry grouping best defines your company?

Figure C. Definition of the Supply Chain Organization

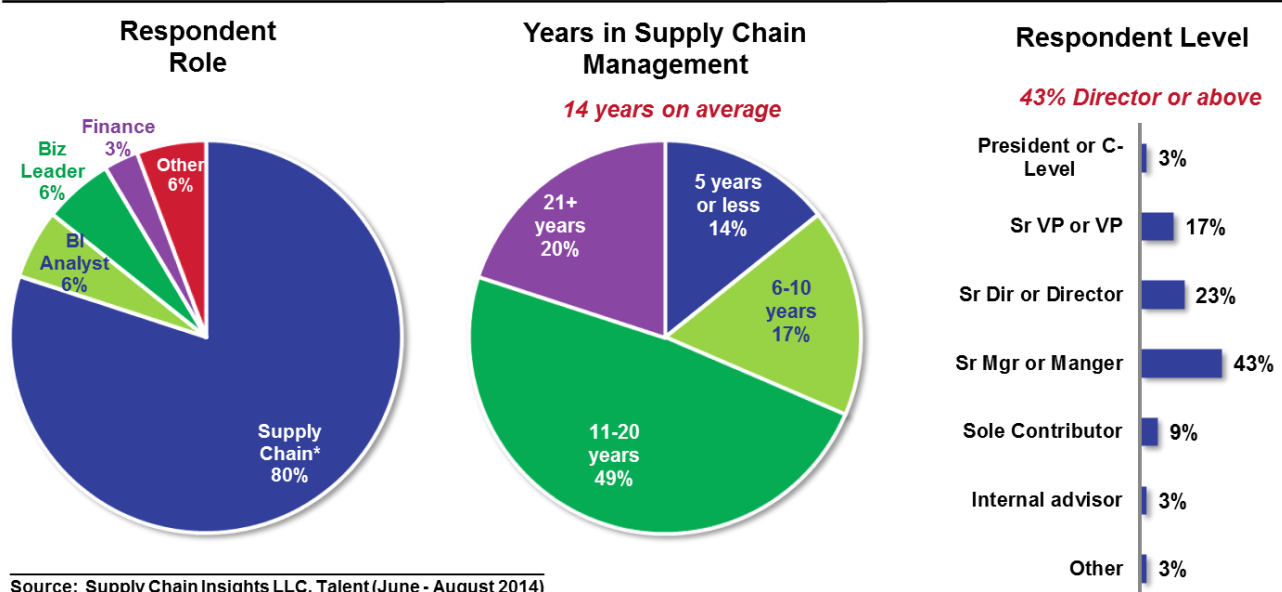
Supply Chain Organization



Source: Supply Chain Insights LLC, Talent (June - August 2014)
 Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management -- Have supply chain organization (n=30)
 Q35. To whom does your company's supply chain organization report? Q34. Companies define their supply chain organizations in different ways. Please tell us how your company defines its supply chain organization by selecting which function(s) report through the supply chain organization. Please select all that apply.

Figure D. Tenure in Supply Chain

Respondent Overview



Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q41. Which of the following best describes your current role, even if the terminology isn't exactly right? *Supply Chain may include Distribution, Logistics, Manufacturing, Operations, Planning, Procurement, Sourcing, etc.

Q2. For how long have you been a supply chain management professional? Your best estimate is fine.

Q40. Please indicate which of the following best describes your current position or role.

Figure E. Self-Assessed Performance on Supply Chain Talent

Company Performance at Managing Supply Chain Talent Compared to Peers



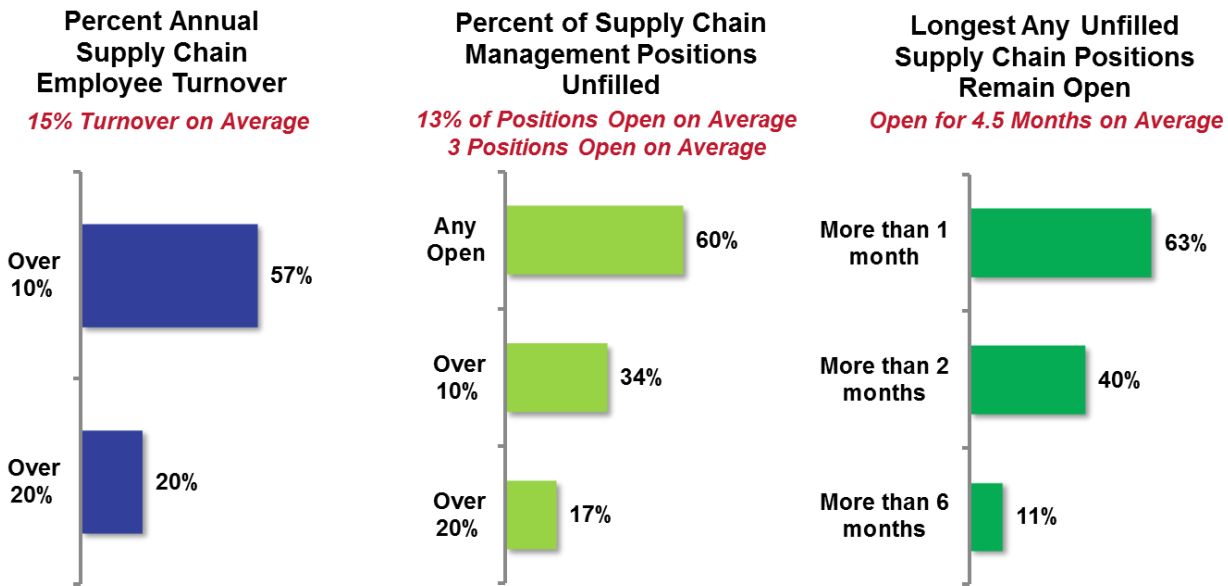
Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)

Q4. Overall, how well do you think your company performs at managing supply chain talent compared to its peers? Please think about all aspects of talent management – recruiting/hiring, training, retaining, etc.

Figure F. Filling Supply Chain Positions

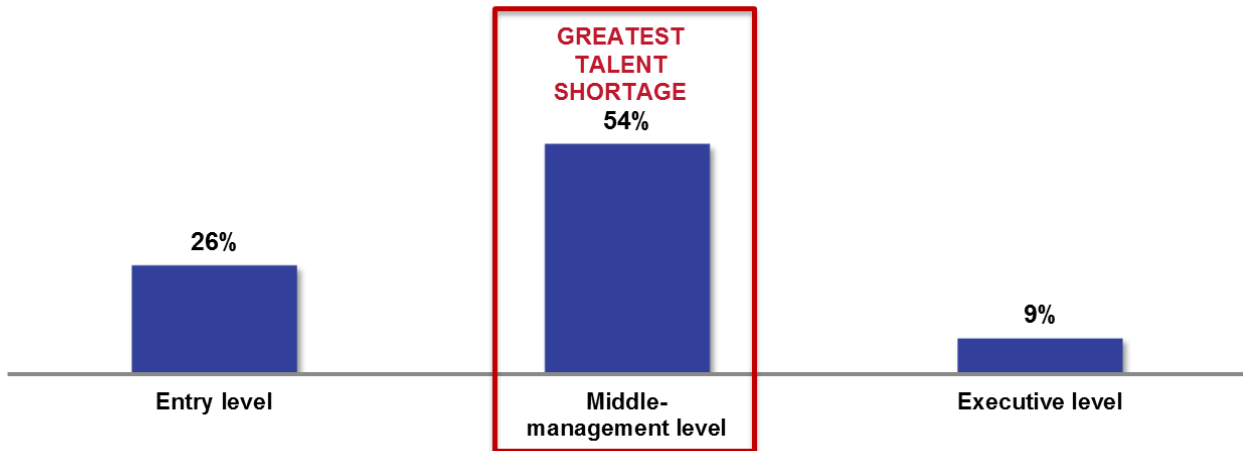
Filling Supply Chain Positions



Source: Supply Chain Insights LLC, Talent (June - August 2014)
 Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)
 Q9A. What would you estimate is your company's annual rate of employee turnover, thinking just about supply chain management employees?
 Q10. How many supply chain management positions currently exist in your department – including both filled and unfilled positions? Q11. And how many supply chain management positions in your department are currently unfilled? Q12. Of those currently unfilled positions, what is the longest that any of them have been open?

Figure G. Employee Level with Greatest Supply Chain Talent Shortage

Level with Greatest Supply Chain Talent Shortage

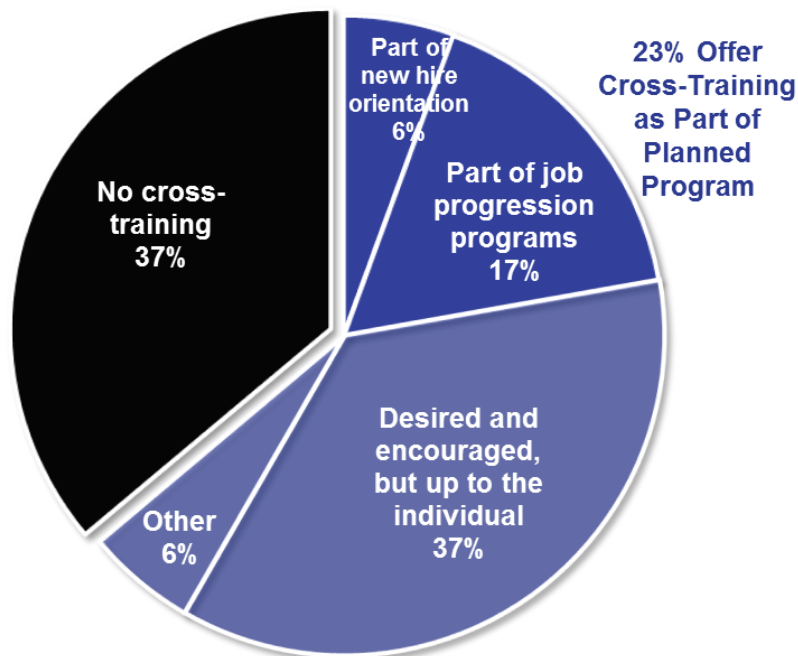


Source: Supply Chain Insights LLC, Talent (June - August 2014)
 Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35)
 Q13. To the best of your knowledge, what employee level is currently experiencing the greatest talent shortage at your company? Please answer only for supply chain management positions.
 Don't know / Other not shown

Figure H. Formal Cross-Functional Employee Training

Formal Cross-Functional Employee Training

66% Offer Cross-Functional Training



Source: Supply Chain Insights LLC, Talent (June - August 2014)

Base: Manufacturers, Retailers, Distributors, and 3PLs in Supply Chain Management (n=35) Q24. Now please think about cross-functional training for supply chain management – these are formalized programs for employees to be trained in other departments. How does your company implement cross-training programs? Please select all that apply.

Other Reports in This Annual Talent Series

[Talent: The Future Supply Chain's Missing Link](#) - 2013

[Supply Chain Talent: The Missing Link?](#) - 2012

About Supply Chain Insights, LLC

Founded in February, 2012 by Lora Cecere, [Supply Chain Insights LLC](#) is focused on delivering **independent, actionable, and objective advice for supply chain leaders**. If you need to know which practices and technologies make the biggest difference to corporate performance, turn to us. We are a company dedicated to this research. We help you understand supply chain trends, evolving technologies and which metrics matter.

About Lora Cecere



Lora Cecere (twitter ID [@lcecere](#)) is the Founder of [Supply Chain Insights LLC](#) and the author of popular enterprise software blog [Supply Chain Shaman](#) currently read by 5,000 supply chain professionals. She also writes as a LinkedIn Influencer and is a contributor for Forbes. Her book, [Bricks Matter](#), (co-authored with Charlie Chase) published on December 26th, 2012. She is currently working on two new books, *Metrics That Matter* and *The Shaman's Journal* to publish in Q4 2014.

With over ten years as a research analyst with **AMR Research, Altimeter Group, and Gartner Group** and now as a Founder of Supply Chain Insights, Lora understands supply chain. She has worked with over 600 companies on their supply chain strategy and speaks at over 50 conferences a year on the evolution of supply chain processes and technologies. Her research is designed for the early adopter seeking first mover advantage.