

Supply Chain Talent: The Missing Link?

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Research

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Research Methodology and Overview

This report is based on the analysis of responses of seventy-five respondents from over sixty companies to a quantitative survey fielded during the period of September 20th, 2012 to October 22nd, 2012. The goal of the study was to understand the current state of supply chain talent related to hiring, recruiting and training practices. The survey responses were collected with help from [Supply Chain Brain](#).

Executive Overview

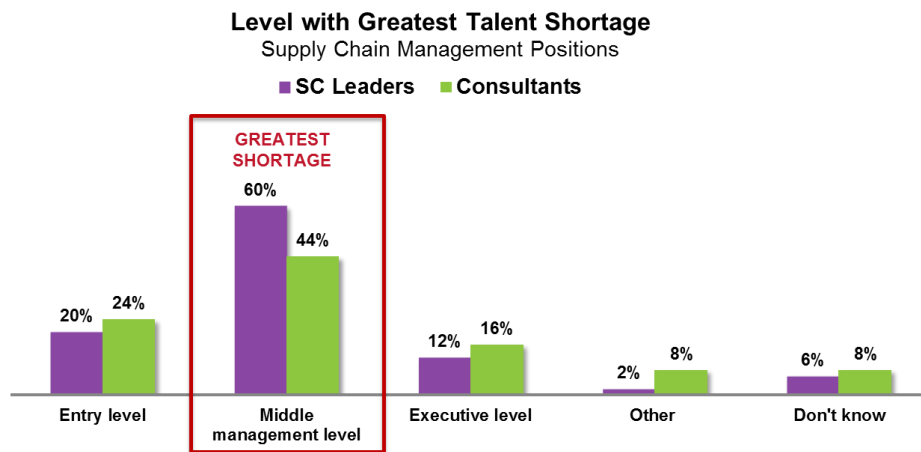
Today, supply chain talent does not make the top of a list of supply chain issues. However, we think it should. We believe that talent will be the supply chain’s missing link in the period of 2013-2015.

While many may think of supply chain talent as synonymous with the need to hire college graduates, they are wrong. The largest issues in supply chain talent are in mid-management positions. Yes, there is a shortage of college graduates, but this is not the overwhelming business pain.

Ironically, in this time of record-high unemployment, 15% of supply chain positions are open on average. However, not all jobs are created equally. While the operational positions of customer service, transportation management and warehouse/distribution management are easy to find, the positions of supply chain planning management are not. In a parallel study we see that today, these positions remain open for five months or more and only 18% of companies have a clear strategy to alleviate the pain. This will not be sufficient.

Demand is high. Today, the mid-management supply chain professional has a wealth of opportunities. The positions of supply chain planning are being recognized as a training ground for general management. As a result, mid-management supply chain leaders are being tapped for broader management positions. They are also being asked to “backfill” openings in emerging economies.

Figure 1. Overview of Supply Chain Talent Shortage



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50), Supply Chain Consultants (n=25 – CAUTION: Small base size)
 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.

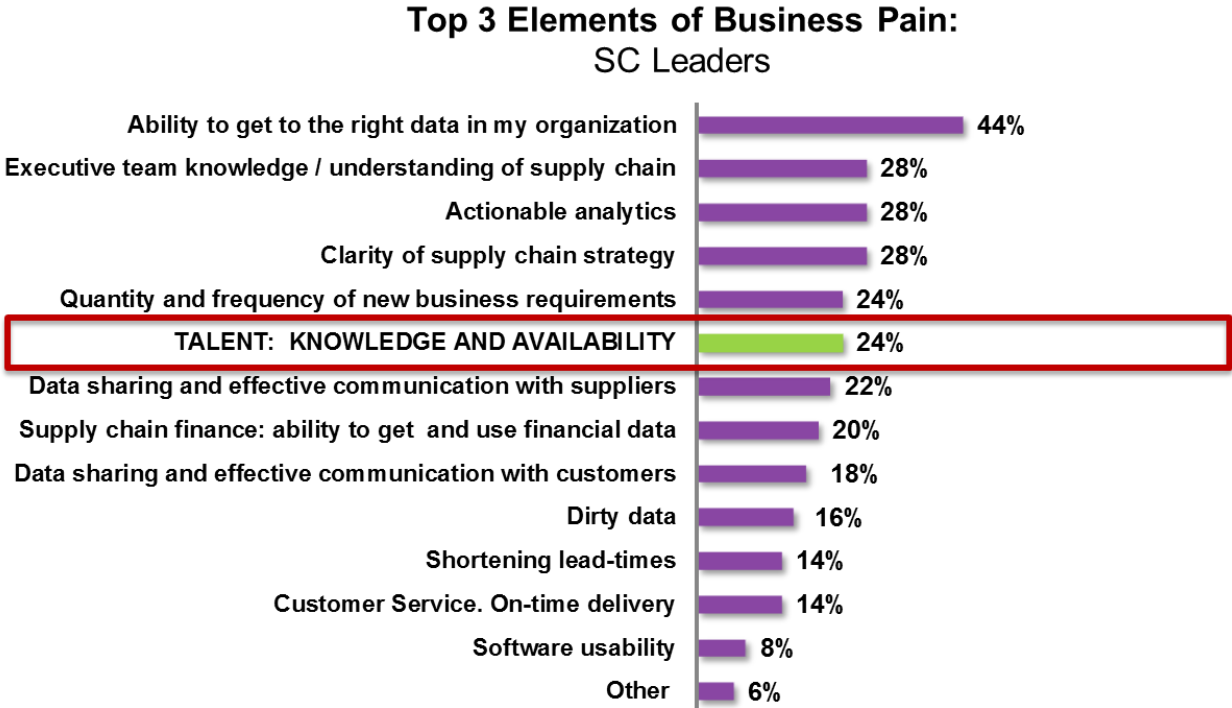
The timing is bad. This surge is happening as baby boomers retire and supply chain planning is becoming more important. The issues can only be overcome through in-house training, cross-training programs, clear career paths and talent development. This survey shows that few are ready. We hope that the findings in this report serve as a wake-up call for supply chain leaders and the greater industry. The clock is ticking.

The State of Supply Chain Talent

Members of today’s supply chain team are busy. Business complexity is rising and teams are trying to get to data and align the organization against supply chain objectives. It is not easy. As a result, as shown in figure 2, talent is not the leading topic on the supply chain agenda. It falls midway on most lists.

The gaps in the implementation of Information Technology (IT) systems and the increasing business complexity occupy the team’s day-to-day attention. In other studies, we see that the average company has over 150 systems, only 8% of companies are happy with their system’s “what-if” or scenario planning capabilities, and only 24% of companies can easily determine total supply chain costs. As a result, the teams are focused on the urgent, day-to-day analysis and are largely unaware that a “talent time bomb” is ticking. The goal of this report is to increase awareness and share insights to remedy a potential supply chain risk.

Figure 2. Talent Is Not at the Top of the List of Business Pain for the Supply Chain Leader



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50)
 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.

In the last decade, supply chain talent has increased in focus. Over 75% of companies have a supply chain organization, and 32% of companies have a dedicated HR team focused on supply chain human resources. The primary focus is on new hire programs and onboarding of college

recruits. Progress has been made in new-hire recruiting with the average company having a supply chain HR department for seven years.

The missing link in supply chain talent is mid-management. While many have focused on hiring entry-level talent from universities, the looming issue is turnover and shortage of midlevel managers, especially in supply chain planning positions. As shown in figure 3, the shift is fundamental.

While companies today are struggling with change management and the adoption of new business practices, the looming issue is upcoming baby-boomer retirements. The most important activity that supply chain leaders can take now to mitigate turnover and attrition is to define clear job progression and career paths for mid-managers. For most, as shown in figure 3, this is a gap.

Figure 3. Top Three Problems for Supply Chain Leaders in Managing Supply Chain Talent

Top 3 Problems: SC Leaders	TODAY	IN 5 YEARS
Reluctance to embrace new ways	42%	20% BIGGEST DECREASE ▼
Lack of clear job progression / career path	38%	34%
Lack of exec. support re SC talent issues	34%	22% ▼
Difficulty attracting the right people	28%	20%
Not enough people for the work	24%	26%
Demand for SC talent to do other things	24%	22%
Problems incorporating tech / software	22%	18%
Lack of appropriate level of experience	16%	22%
Changing skill level req't w/ tech & projects	16%	26% ▲
Lack of cooperative vision / support from HR	14%	10%
Lack of key skills	8%	12%
High employee turnover	6%	14%
Finding talent in emerging economies	6%	12%
Difficulty hiring people in specific countries	4%	2%
Retirement of key SC employees	4%	18% BIGGEST INCREASE ▲
Inadequate skill levels of recruits from college	2%	2%

Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50)
 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

For industry consultants, the story is slightly different. Consultants feel that they do a better job at managing talent than supply chain leaders in manufacturing and distribution. Their differences in their self-assessment scores are significant. They are quite confident in their capabilities with 48% of consulting respondents believing that they do a better job than their peers in developing supply chain talent. (In contrast, only 28% of the respondents from supply chain leaders believe that they do better than their peers.) However, the programs developed by the consultants have little applicability to the requirements of the supply chain leader in manufacturing or distribution.

Consultants have a long legacy of professional training programs including formal mentoring, training and progression programs. Their future issues are primarily changing skill requirements and finding the right talent for staffing in emerging economies. The looming issue for most management consultants is the shift in the market for fewer large-scale deployments of Enterprise Resource Planning (ERP) and Advanced Planning Systems (APS) and the movement to cloud-based computing and big data predictive analytics. As a result, as seen in figure 4, among the largest issues to tackle in the future is the need for cross-training and changing skill development in new areas. This group is also seeing the largest gap in recruiting talent in BRIC (Brazil, Russia, India and China) countries.

Figure 4. Top Three Problems for Management Consultants in Managing Supply Chain Talent

Top 3 Problems: Consultants	TODAY	IN 5 YEARS
Reluctance to embrace new ways	36%	16% BIGGEST DECREASE ▼
Lack of key skills	28%	16% ▼
Not enough people for the work	28%	20%
Problems incorporating tech / software	28%	24%
Changing skill level req'ts w/ tech & projects	24%	32%
Difficulty attracting the right people for your company	24%	16%
Lack of appropriate level of experience	24%	24%
Demand for SC talent to do other things	16%	20%
Lack of clear job progression / career path	16%	16%
Lack of exec. support re SC talent issues	16%	28% ▲
High employee turnover	12%	8%
Difficulty hiring people in specific countries	8%	20% ▲
Inadequate skill levels of recruits from college	8%	4%
Lack of cooperative vision / support from HR	8%	4%
Retirement of key supply chain employees	8%	20% ▲
Finding talent in emerging economies	4%	24% BIGGEST INCREASE ▲

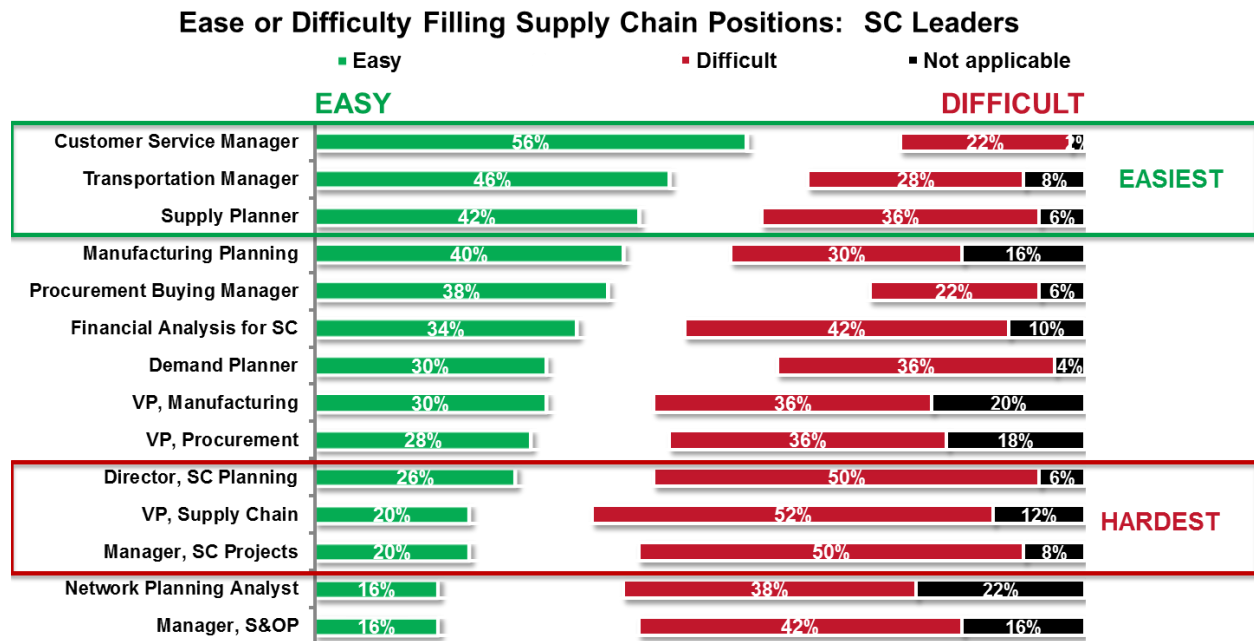
Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Consultants (n=25 – CAUTION: Small base size)
 Q5. Which are the top 3 issues facing your company when it comes to supply chain talent? And what do you think will be the top 3 issues in 5 years? Please select no more than three for each column

Understanding the Pain

The pain is high. Sixty percent of companies surveyed have open positions. The ability to recruit, train and develop employees is growing more difficult. As shown in figure 5, the greatest challenge is supply chain planning. While positions in customer service, transportation management and procurement are relatively easy to fill, the positions in mid-management, especially in supply chain planning leadership, are growing more difficult to recruit. Today, the average company has 15% of jobs open and 42% are attempting to fill the positions from within; but, there is more demand than supply.

As a result, many are attempting to fill positions from outside the corporation. The industry will soon find that the process of swapping talent from company-to-company in the face of a looming industry shortage has diminishing returns.

Figure 5. Relative Ease of Filling Supply Chain Positions.



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50)
 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.

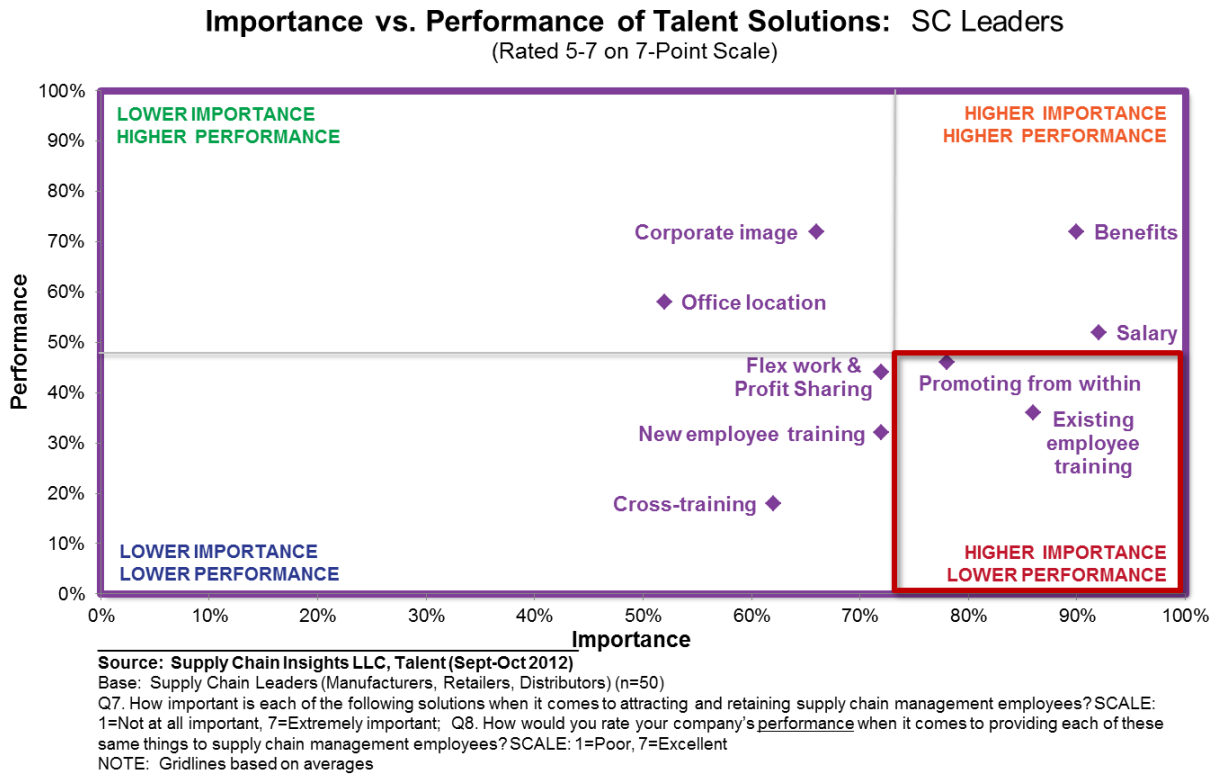
So, what is the opportunity for supply chain leaders to mitigate issues with mid-management supply chain leader retention? As shown in figure 6, the answer may seem counterintuitive. The answer lies not with benefits, image or salary. Instead, the primary drivers to mitigate the pain are clear definition of career paths, the opportunity for cross training and skill advancement.

Interestingly, in the face of this looming issue, only 16% of companies are increasing their budget for supply chain training. For manufacturers and distributors, current cross-functional training is typically left up to the individual or offered as part of a project. In a related study, we see that only 18% of companies have a clear road map with a preset budget for supply chain leader training. This is problematic.

The question is, *“How best to do the training?”* There is not a clear answer. In qualitative interviews and discussions, more and more companies express concern about the fit of current training from industry associations, leading academics and consulting partners. Most feel that there needs to be an overhaul of conventional training programs, but they are unsure what to do.

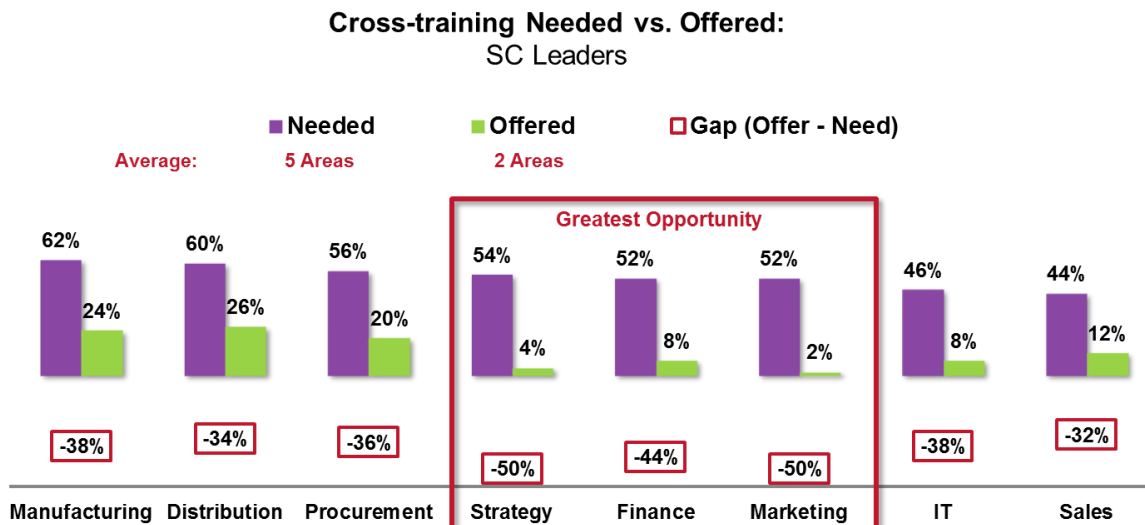
The industry norm is uncertainty. Supply chain leaders are in transition from a conventional source, make and deliver functional reliability model to focus on horizontal processes, supply chain sensing and end-to-end supply chain analytics. They have finished their large IT project roll-outs and are trying to stabilize their organizations. Most companies are unclear on the definition of “supply chain excellence” and are trying to figure out how this “supply chain talent” issue needs to be attacked. Many are at the starting blocks of seeing that there is a problem, but don’t have a plan to attack the issue.

Figure 6. Considerations for Building Strong Mid-Management Talent



One of the opportunities for skill development and mitigating the issue is cross training. In a parallel study on talent, we found that only 27% of companies offer any cross training. It is a characteristic of only the most mature companies that we study. However the promise is high, but as shown in figure 7, the gaps in cross training between what is needed and what is currently offered is large. We believe that a successful cross training program is fundamental to solving the mid-management talent gap.

Figure 7. Gaps in Cross-training Programs

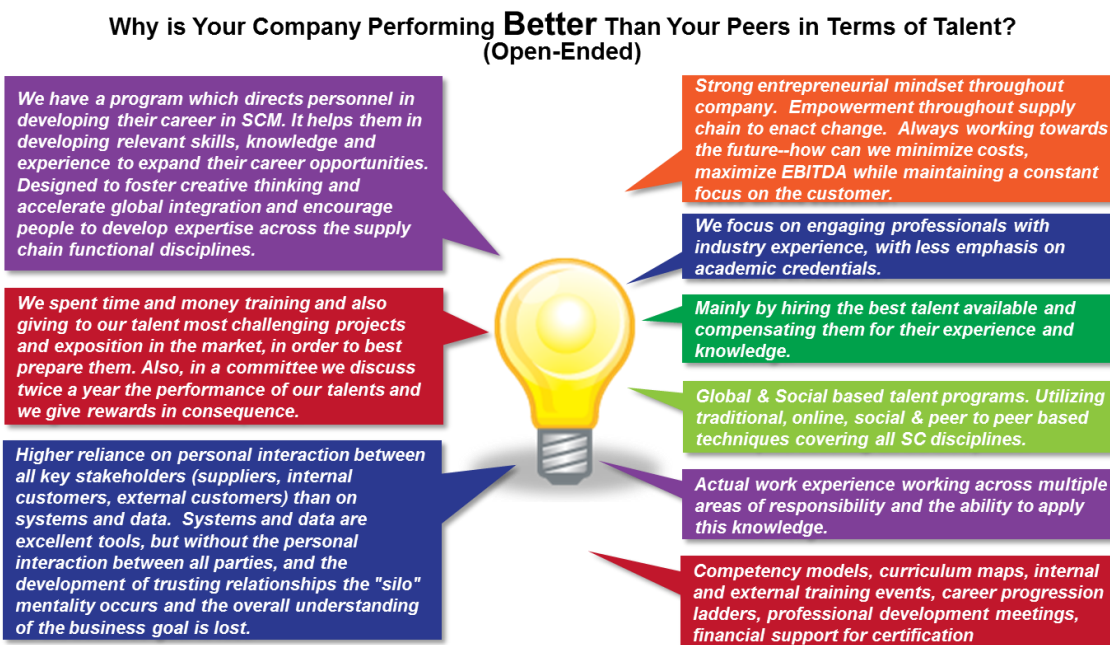


Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50)
 Q25. In which of the following areas do you think cross-training programs for supply chain management employees is necessary at your company? And in which areas does your company currently offer cross-training? Please mark all that apply for each.
 NOTE: Higher vs. Lower based on midpoints

Insights

In the survey, respondents were able to give open-ended responses. Compare the open-ended responses on why companies feel that they are better than their peers in figure 8 and the reasons that companies feel that they are worse than their peers in figure 9.

Figure 8. Why does your Company do better than your Peers in Terms of Supply Chain Talent?



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=14), Supply Chain Consultants (n=12)
 Q4a. Please describe in what ways your company is performing better than its peers, in terms of supply chain talent. [OPEN-ENDED]

Companies that perform better attribute it to a systemic program that rewards the basics: cross training, skill-building programs, competency models and curriculum maps. It is owned and managed by the company with a clear road map. Unfortunately, we only see 28% of companies that feel they do this better than their peer groups.

Figure 9. Why does your Company do Worse than your Peers in Terms of Supply Chain Talent?

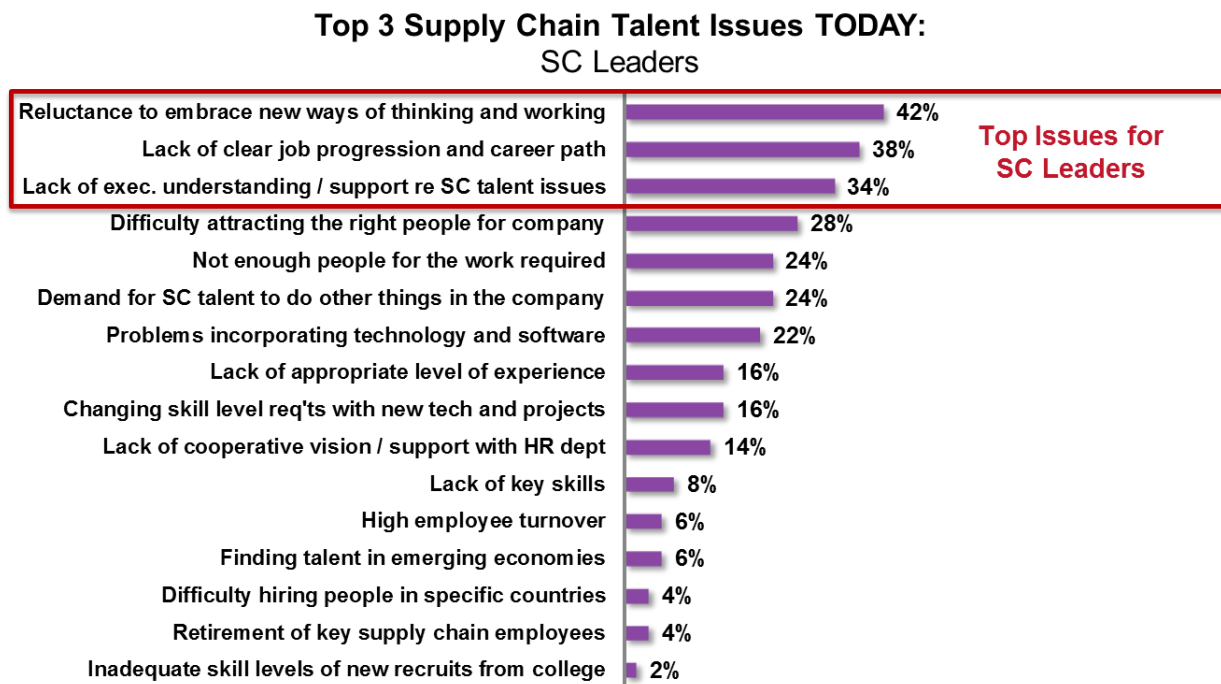


Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=13), Supply Chain Consultants (n=1)
 Q4a. Please describe in what ways your company is performing worse than its peers, in terms of supply chain talent. [OPEN-ENDED]

When, we compare figure 8 to figure 9, we get a very different “tenor” of the open-ended responses. For most, it is a leadership issue. What is clear is that as long as companies allow mid-management talent to exist without clear definition of training, skill building and cross-functional training, mid-management turnover will be high. In qualitative interviews, the belief by the most mature supply chain leaders is that we have a two year period to close this gap before the industry closes in on itself.

As shown in figure 10, there is a general concern about the lack of clear career progression road maps, and the understanding of the issue by the leadership team in 34% of organizations.

Figure 10. Top Three Supply Chain Issues for Supply Chain Talent Today



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50)
 Q5. Which are the top 3 issues facing your company when it comes to supply chain talent?

Recommendations

The answer lies in building internal programs. Over the next five years, there will be more openings than demand for mid-management talent; and the current policy of recruiting planners from other companies will become less and less feasible. The best talent will gravitate to companies that offer the greatest opportunities, the best defined programs and enlightened management.

For supply chain leadership wanting to tackle this program, we offer the following suggestions:

- Build a Clear HR Road Map Based on Supply Chain Strategy.** While laggards define their efforts by projects and continuous improvement programs, leaders start with strategy and then define programs. Today, based on client interviews, we find that only 5% of companies are clear on supply chain strategy and less than 1% has a team focused on the definition management of the end-to-end supply chain. A large part of the issue with mid-management talent development lies in the traditional focus on building strong vertical silos of make, source and deliver without a clear understanding of supply chain excellence. Solving the mid-management talent dilemma requires the building of teams that have an end-to-end vision with a clear understanding of supply

chain trade-offs at the Supply Chain Effective Frontier. This requires cross training, skill building and the definition of clear skill competency maps.


- **Focus on Mid-Management Supply Chain Talent Development. Make it a Priority.** While we find that most companies have active new employee recruitment, we find very few companies aware or aggressively tackling the mid-management talent issue.
- **Clear Focus.** Separate the focus on academic recruiting and mid-management skill development. They have different challenges. Entry level talent is not the answer to solve the mid-management talent gap. Both programs need to be worked in parallel. However, we find that most have a new hire, but not a mid-management, talent program.
- **Use Business Process Outsourcing for Staff Augmentation.** The rise of cloud computing and business process outsourcing enables the feasibility of staff augmentation. Use these services to free up critical internal resources to train and build critical skills.
- **It is Up to You.** While we find that consulting partners rate themselves higher on skill development, the skill requirements for consulting are different. The programs do not have a clear overlap. Manufacturers, retailers and distributors will be forced to build their own. While they may get insights from consulting partner's programs, they should never adopt consulting practices.

Conclusion

Mid-management talent development will be the missing link for many supply chains in the next five years. It is accelerated by baby-boomer retirements, expansion of global markets and the greater demand for mid-level leaders with supply chain planning skills. To solve the problem, companies need to become proactive and build their own programs. Key elements are foundational training, career path clarity and cross-functional training. It requires leadership and a holistic approach.

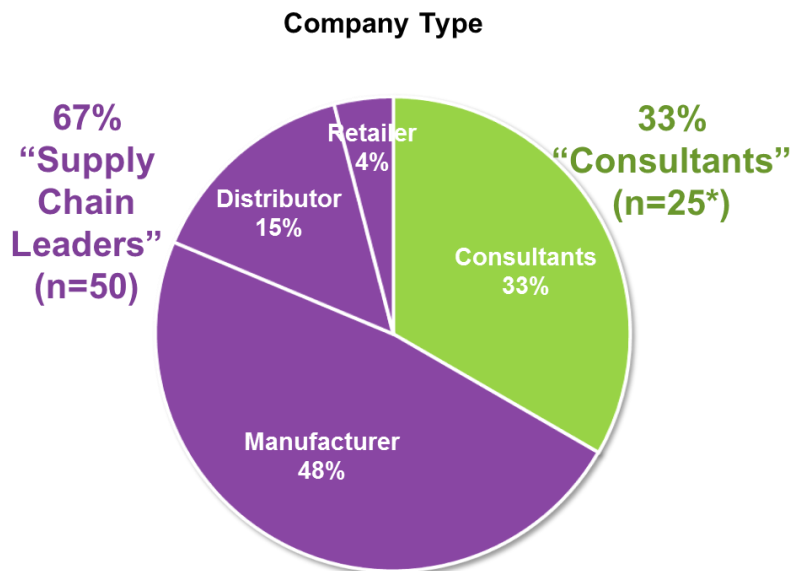
Appendix:

Quantitative study methodology and demographics:

WHY	WHAT
<ul style="list-style-type: none"> Objectives: <ul style="list-style-type: none"> To understand the current state of supply chain talent related to hiring, recruiting and training and the success of current solutions Hypothesis: <ul style="list-style-type: none"> Talent management in supply chain is a major issue with no clear panacea. 	<ul style="list-style-type: none"> Survey topics: <ul style="list-style-type: none"> Top supply chain talent issues Importance vs. performance on key solutions Elements of talent shortage Talent Recruitment & Training Talent issues in global environments 
HOW	WHO
<ul style="list-style-type: none"> Surveys conducted online In partnership with Supply Chain Brain Survey dates: <ul style="list-style-type: none"> September 20 – October 22, 2012 	<ul style="list-style-type: none"> 75 respondents from approximately 60 companies Respondent requirements: <ul style="list-style-type: none"> Supply chain management professionals Manufacturers, Distributors or Retailers (n=50) or Consultants (n=25 – CAUTION: Small base size)

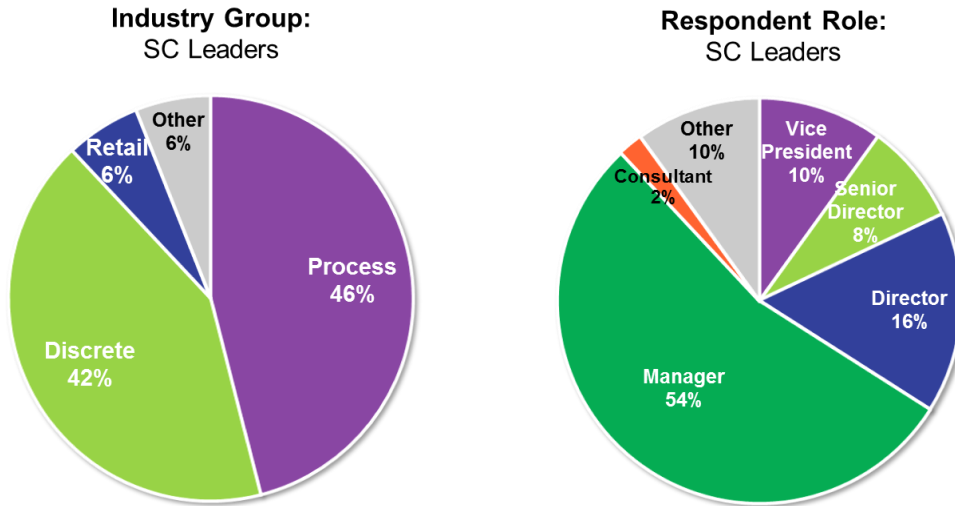
Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)

Figure A. Study Demographics



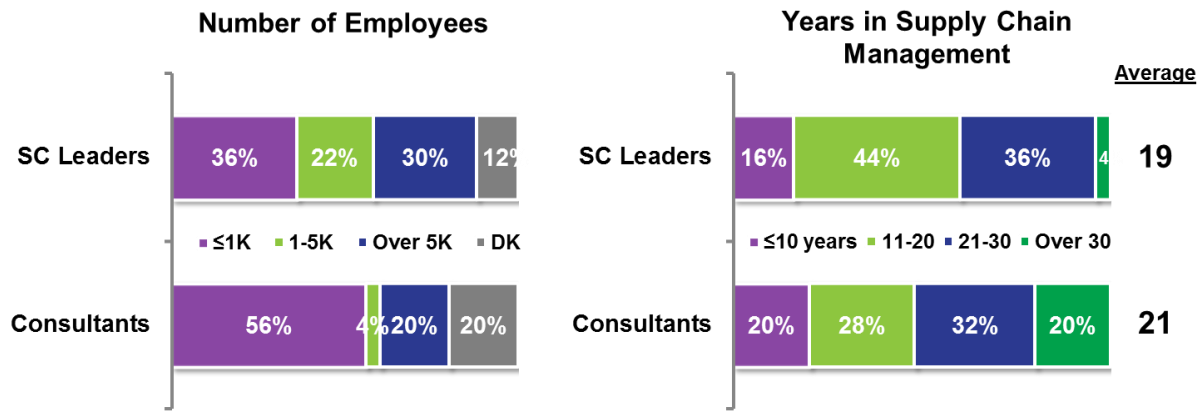
Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Total Sample (n=75)
 Q1. First, which of the following best describes you or your company?
 *CAUTION: Small base size

Figure B. Industry and Role Demographics



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50)
 Q39. Which industry grouping best defines your company? Q40. Please indicate which of the following best describes your current position or role.

Figure C. Company Size. Years in Supply Chain Management



Source: Supply Chain Insights LLC, Talent (Sept-Oct 2012)
 Base: Supply Chain Leaders (Manufacturers, Retailers, Distributors) (n=50), Supply Chain Consultants (n=25 – CAUTION: Small base size)
 Q38. What is the size of your organization in terms of number of employees? Please write in your best estimate below.
 Q2. For how long have you been a supply chain management professional? *Your best estimate is fine.*

About Supply Chain Insights LLC

Supply Chain Insights LLC (SCI) is a research and advisory firm focused on reinventing the analyst model. The services of the company are designed to help supply chain teams improve value-based outcomes. Commercial offerings include research-based Advisory Services, a Dedicated Supply Chain Community and Web-based Training.

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 5000 supply chain professionals. Her book, **Bricks Matter**, publishes in December 2012.

With over nine years as a research analyst with **AMR Research**, **Altimeter Group**, **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.