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Supply Chain
Talent of the Future
Findings from the
third annual supply
chain survey



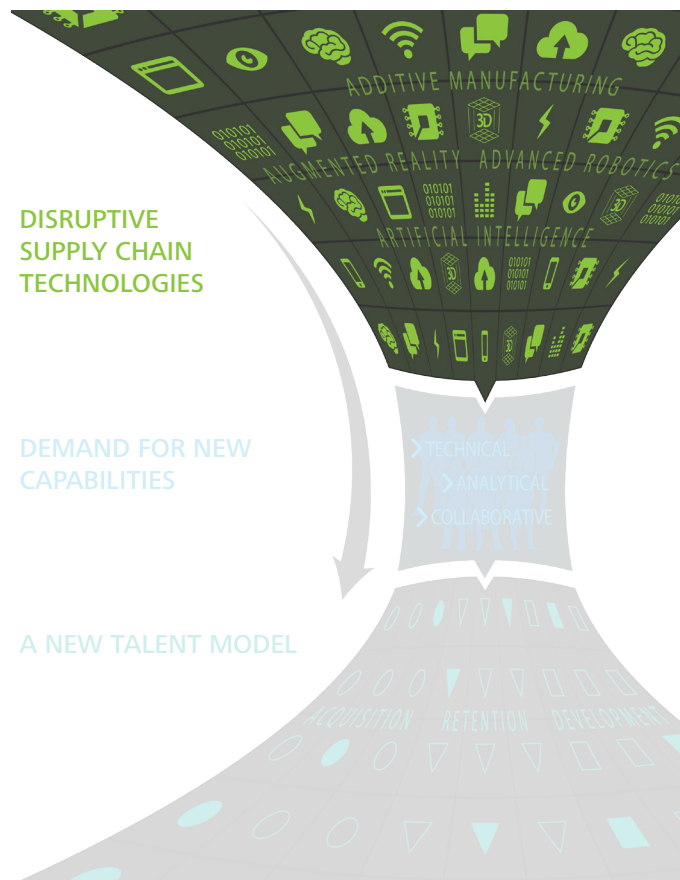
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The changing face of supply chain

Twenty years ago, the Council of Logistics Management—as the leading society of supply chain professionals was then called—decided to spend tens of thousands of its members’ dollars on a curious project: it commissioned a novel. It was a thriller to be exact, called *Precipice*, portraying an intrepid logistician using the tricks of her trade to uncover a web of deception and save her family’s business.

Why did the Council do it? Because the broad consensus of its membership was that the profession sorely needed a fresh infusion of talent. The first wave of the baby boom was just hitting retirement age, and without enough smart new graduates entering the field, the projected shortfalls were alarming. Something had to be done to make the job attractive to more people. As the *Los Angeles Times* put it when *Precipice* came out: “Doctors have medical thrillers to glamorize their profession, and lawyers have John Grisham to make court life look exciting. Why not do the same for logisticians?”¹



Fast-forward twenty years and supply chain organizations—now overseeing the full span of activities from sourcing to production planning to delivery and service—find themselves with talent issues again. This time, however, it’s not a matter of sheer numbers. It’s a matter of shifting needs, as rapid changes in supply chain activities, tools, and goals call for new skills in management and leadership. As Linda Topping, vice president and chief procurement officer with consumer packaged goods manufacturer Colgate-Palmolive Co., recently told *Industry Week*: “Supply chain management is getting exponentially more complex, so supply chain talent is the price of admission for the next decade.”²

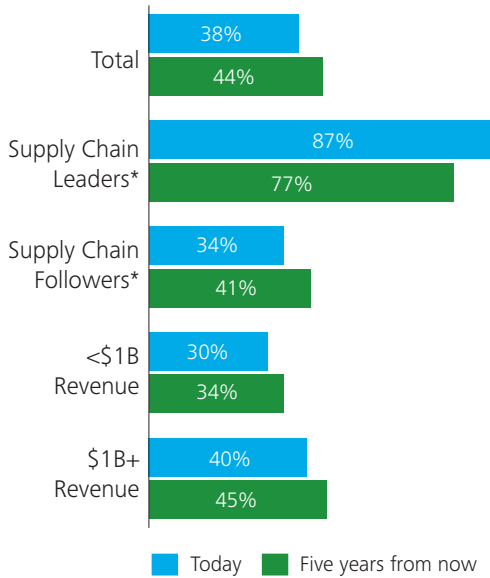
Each year, Deloitte surveys supply chain leaders to understand their top-of-mind issues and the actions they are taking to address them. This year, we put a particular focus on issues of talent. We did so because our daily interactions with clients who depend upon the excellence of their supply chains suggested that this was an area of growing concern. The survey bore out that sense: we found few executives expressing high levels of confidence in the talent in their field—and in their organizations. Indeed, only 38 percent of executives say they are extremely or very confident that their supply chain organization has the competencies it needs today (see Figure 1).

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And yet, looking to the future, we find these executives somewhat more hopeful, with 44 percent believing their organizations will be able to put the required knowledge, skills, and abilities in place. Is that wishful thinking? Perhaps not. While the demands on talent will only grow, as we'll explore in this report, there are also effective models from which supply chain organizations can learn. The leaders among them are already experimenting in many areas, showing the way to success. Their abilities and willingness to embrace key talent practices are producing organizations capable of great things—and enabling them to post performance numbers that, to their organizations' top management, make for thrilling reading indeed.

Figure 1. Confidence that supply chain organization has competencies required

Percentage "extremely/very confident"



*** Identifying SC Leaders**

To identify Supply Chain (SC) Leaders, executives were asked how the performance of their company's supply chain compares to that of other companies in its industry on two metrics: (1) inventory turnover and (2) the percentage of deliveries that are on time and in full.

SC Leaders = Rated by their executives as significantly above average on both metrics compared to other companies in their industry. (8 percent of total)

SC Followers = Rated by their executives as less than significantly above average on one or both metrics. (92 percent of total)

A time of change

Supply chains evolve over time, in some eras more quickly than others. The coming years will likely be one of those eras of dramatic transformation thanks to a combination of accelerating technology development and widespread experimentation with new operating models.

Imagine, for example, the impact that additive manufacturing, also known as 3D printing, will have on supply chain organizations as it increasingly goes mainstream. That might seem a distant eventuality, but our survey indicates otherwise. Already, 24 percent of respondents from manufacturing firms report they are currently using it in some form; another 21 percent expect they will do so within the next three years. Applications of 3D printing, more importantly, are expanding beyond prototyping into industrial-scale production of final product—a particularly attractive alternative for manufacturing replacement parts. At Boeing, for example, R&D engineer David Dietrich envisions the day that "you can buy one of these machines, you can drop it in a remote location, and you can generate parts with high accuracy."³ Amazon has laid out a vision, in the form of a series of patent filings, by which it might someday print the goods ordered by customers on demand, while en route to their addresses, on board moving delivery trucks.⁴

Another capability quickly becoming table stakes in operations is the use of advanced analytics, drawing on the immense data sets created by supply chain activities. Here, the state-of-the-art involves optimizing production runs and distribution plans by analyzing more than historical data; instead, "predictive analytics" pulls in other data sources to anticipate, for example, how changes in the broader economy or competitive environment might affect demand for a company's offerings. At beverage giant AmBev, for example, new tools combine data from several demand and replenishment planning processes to generate weekly forecasts for setting sales goals, production levels, and distribution plans. Management credits this new capability with increasing product turnover rate by 50 percent.⁵

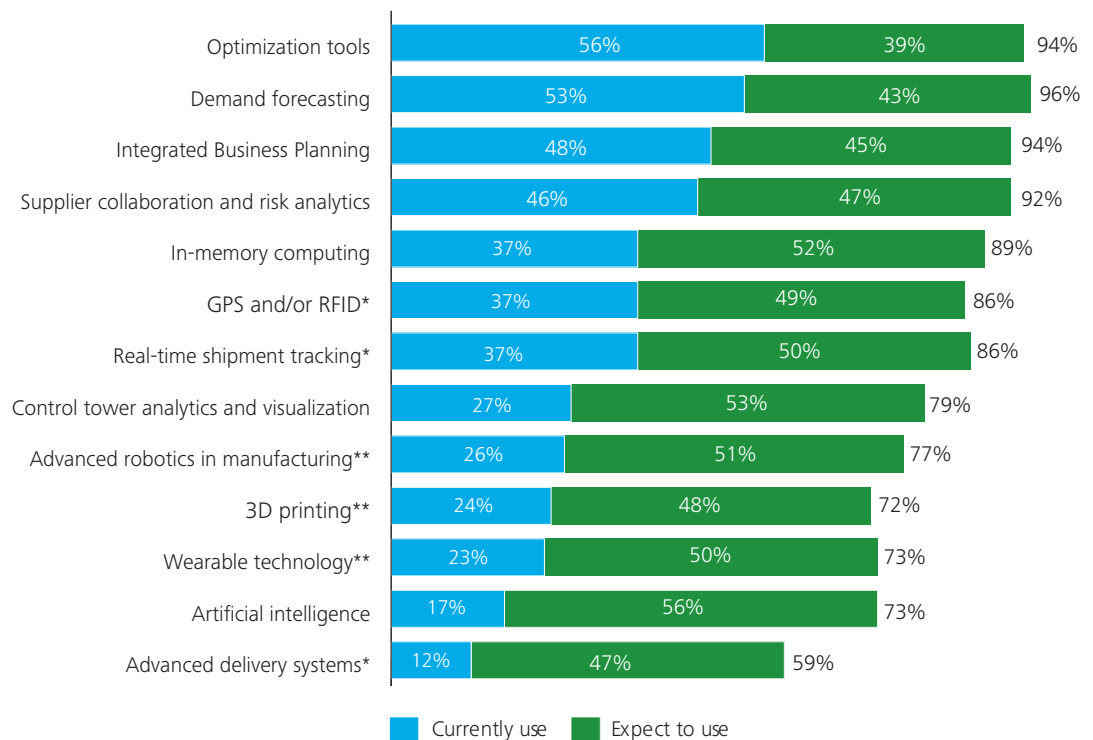
These are just two of the technologies that have transformative potential for supply chains. In our survey we asked about 13 fast-evolving technical capabilities, ranging from real-time shipment tracking to artificial intelligence (see Figure 2). Two of them—optimization tools and demand forecasting—are in most widespread use today. Regarding all but one, more than 70 percent of executives said either that their companies currently use them or that they expect to in the future. That represents quite a to-do list in terms of new capabilities.

Emerging technologies are not the only form of change creating new challenges for supply chain organizations. Consider the transformation underway at Seagate Technology. In 2011 it had not only witnessed the disruptive power of several natural disasters, it was also seeing new challenges arise from ongoing consolidation in the hard drive industry. According to supply chain leader Joe Dilorio, the implication was obvious: “We needed to revamp our entire supply chain.” To make that

multifaceted effort succeed, even as his 1,100 person global organization also accomplished their “day jobs,” he set up a dedicated group of people to oversee and orchestrate dozens of change projects simultaneously.⁶

Here, the transformation afoot is an operating model change; and a key part of that change is what is generally called a “center of excellence.” Gartner defines that as “a physical or virtual center of knowledge concentrating existing expertise and resources in a discipline or capability to attain and sustain world-class performance and value across the supply chain.” In our survey, we found it to be the most popular of the operating model changes we asked about (see Figure 3). “Locating high-value added activities into Centers of Excellence” is a move that 48 percent of respondents say they are very or extremely likely to make in the next five years, likely with an eye to leveraging scarce talent. Other changes expected by many are increased outsourcing of low value-added activities (44 percent); segmentation of supply chain strategies and

Figure 2: Use of supply chain capabilities



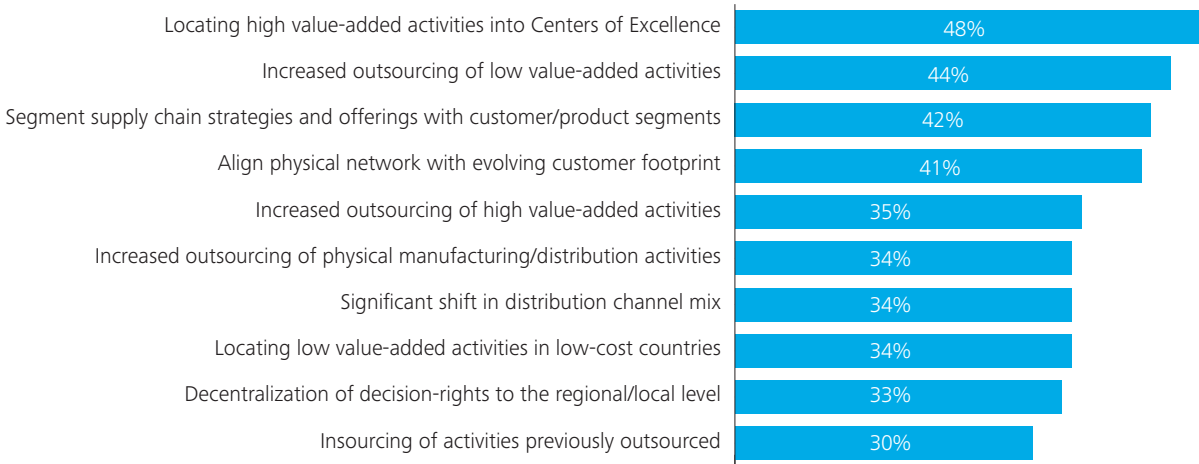
Notes:

Chart is ordered by the percentages for “Currently use”

*Manufacturing and retail respondents only

**Manufacturing respondents only

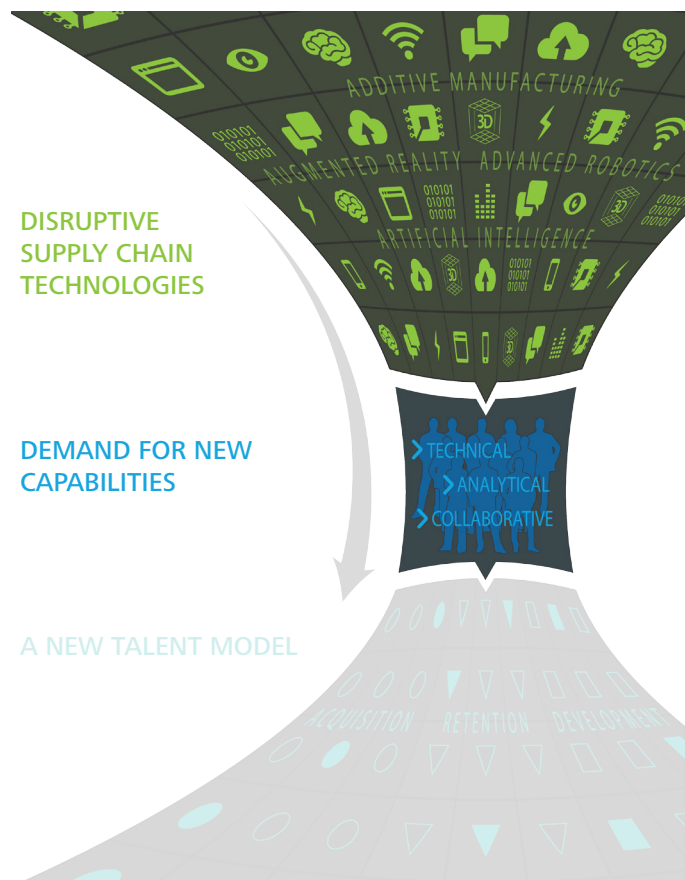
Figure 3: Likelihood of changes to supply chain operating model over next five years
 Percentage “extremely/very likely”



offerings to fit different customer/product segments (42 percent); and new efforts to align physical networks with evolving customer footprints (41 percent). Each of these drive additional layers of complexity to manage—requiring different talent and tools.

At the same time, many of these organizations will see their scope expand within their firms. Activities included in a supply chain function are varied: supply planning; procurement or sourcing; demand planning and forecasting; and logistics and distribution. Often manufacturing operations are included under the same organizational leadership, and sometimes even product development. We asked: “Over the next five years, do you expect your company to increase or decrease the span of control of the supply chain function?” Roughly one-third of executives expect their company to increase the span of control of the supply chain function.

All of these changes are being undertaken not just for the sake of change. They are responses to a business environment of ongoing globalization, waves of disruptive innovation, and rising consumer expectations for “anytime, anywhere” service. They reflect organizations’ need to make strategic decisions that will have end-to-end impacts on supply chains versus only narrow optimization decisions which can be made within functions or locations. Perhaps more than anything, they reflect a large-scale shift by which long-standing industries are blurring into ecosystems—dynamic and co-evolving communities of diverse actors who create new value through increasingly productive and sophisticated models of both collaboration and competition. As Philip Palin



writes in *Homeland Security Affairs*: “In the last three decades a collection of linear supply chains has become a complex adaptive network of demand creating supply. The benefits are obvious. The risks tend to be insidious.”⁷

Despite such dynamics—or more likely because of them—it has never been more true that companies cannot compete without strong operations. Relative performance in supply chain management has become more boardroom relevant than it has ever been. A supply chain leadership position is now seen as a strategic role, whereas a decade ago it would have been considered a tactical one. The heightened pressure has many managers looking for sound advice and good models to emulate. With that in mind, let’s look at what some supply chain organizations we surveyed are doing now, in their attempt to pull away from the pack.

The leader’s advantage

In times of change, when experimentation tends to be rampant and results are still far from conclusive, one source of guidance can be to look at the companies who are succeeding, and discover what they are doing differently. In the context of this survey, we wanted to be able to distinguish between the priorities, plans, and actions of the “leaders” in supply chain management versus the “followers” who make up the majority of companies.

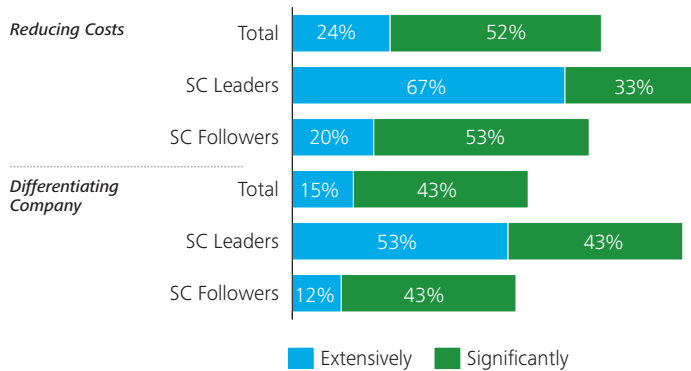
To allow for such differentiation, we asked executives to tell us about their own organization’s performance relative to others in their industry along two revealing measures: inventory turnover and percentage of deliveries that are on-time and in-full. Based on their responses, we put them into two categories, with a small percentage (8 percent) constituting the leaders in the group. Then we identified the questions for which their responses as a group were substantially different from the rest of the pack.

In many ways, we discovered supply chain leaders are not making the trade-offs most companies assume must be made between containing costs and pursuing product/service differentiation. Instead, they are finding ways past

that traditional compromise to excel on both dimensions. This refusal to concede to the trade-off comes through starkly in their responses to a basic question: “How much does your supply chain organization focus on each of the following goals?” Presented with the two options “reducing costs” and “differentiating the company,” supply chain leaders tended to report that they “extensively” focused on both (see Figure 4). Contrast this with followers, who were more likely to see the question as an either/or proposition—and to believe that even the choice they made was not backed up with much execution. Only 20 percent of followers reported an “extensive” focus on cost reduction, and a mere 12 percent on differentiation.

Supply chain leaders look different than followers from various angles. To begin with, their financial performance tends to be superior. Supply chain leaders are much more likely than supply chain followers to have superior financial performance compared to other firms in their industry. They also appear to be more innovative, tending to employ a wider range of capabilities. Referring again to the 13 technical capabilities we listed in the survey, every one of them is more likely to be employed by supply chain leaders than by supply chain followers, and in many cases by a wide margin.

Figure 4: Extent of focus on goals
Percentage “Extensively or Significantly”



For example, we previously mentioned the rising adoption of 3D printing technologies, now reported by 24 percent of respondents from manufacturing companies. That percentage rises to 50 percent among supply chain leaders. In a 2015 *Harvard Business Review* article, Richard D’Aveni, a strategy professor at Dartmouth’s Tuck School, declares that “Industrial 3D printing is at a tipping point, about to go mainstream in a big way.” If he needs more evidence of that, the fact that exactly half of high-performing manufacturing firms are currently using it—and there is momentum toward greater adoption—looks like a tipping point to us.

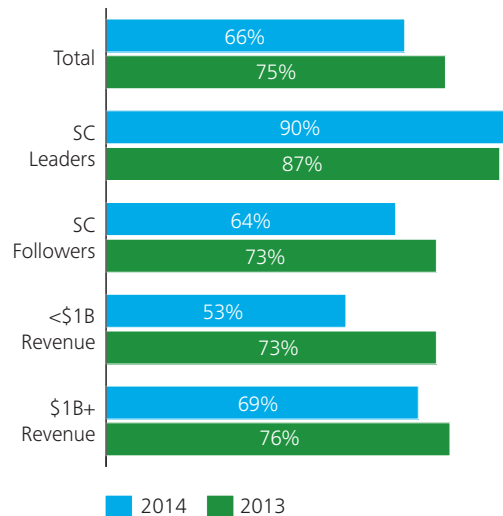
A similar gulf opens up between supply chain leaders and followers in their use of control tower analytics and visualization. These tools transform real-time data from global suppliers into vivid supply chain maps—making it easier for managers to maintain current awareness and make good decisions.⁸

The pattern of difference continues when we look at the operating model changes anticipated by supply chain leaders versus supply chain followers. As with leading-edge capabilities, it is true across the board that for every operating model change named, supply chain leaders show more likelihood to make it. Nowhere is the contrast greater than in the practice of insourcing activities that were previously outsourced. Fully 60 percent of leaders anticipate doing this in the coming five years, whereas only 28 percent of followers think they will. At first glance, it seems counterintuitive for leaders to be dialing back their reliance on outsiders; the long-term trend has been toward leveraging the capabilities of others in ever-more interconnected ecosystems. Rather than a repudiation of those arrangements, we see in the supply chain leaders’ response an awareness that the economics of outsourcing shift constantly, and a greater readiness to revisit arrangements as circumstances demand.

Perhaps least surprising among the differences between supply chain leaders and followers is this one: an overwhelming 90 percent of the high-performing leaders have established supply chain management as a separate and distinct function within the business, as compared to 64 percent among supply chain followers (see Figure 5). Moreover, with the majority (56 percent) of supply chain leaders, this function is led by an EVP or SVP level executive—something that is true for just 39 percent of followers. Most leaders would agree that with more senior leadership comes more focus and accountability, resulting in that coveted seat at the table during top management discussions that will affect the supply chain.

Finally, and we believe not coincidentally, we find the leaders enjoying the highest levels of performance in their supply chains relying more on certain leading talent practices. As discussed in the following section, they have taken a holistic approach to management that recognizes their companies’ investments in enabling technologies and advanced supply chain management concepts must be matched by advances in talent management capabilities.

Figure 5: Existence of separate supply chain function
Percentage “yes”



Talent for the future

Moving to the challenges of shoring up a supply chain talent base, we began by querying survey respondents about the situation in their firms today. Here, we focused on competencies, classically defined by Richard Boyatzis as “any underlying characteristic of an individual, which is causally related to effective or superior performance in a job.”⁹ Executives at supply chain leaders were much more confident than those at supply chain followers that their people have the required competencies today (87 percent versus 34 percent) and also that they will have them five years from now (77 percent versus 44 percent).

Talent problems come in two flavors. A large majority of respondents (73 percent) said it was extremely or very important to hire employees with the required *technical competencies* (enabling them to tackle, for example, complex aspects of risk management, statistical modeling, and multitier management) in order for their company to meet its strategic objectives. Even more (79 percent) said *leadership and professional competencies* (valuable in problem solving, change management, and talent development) were extremely or very important.

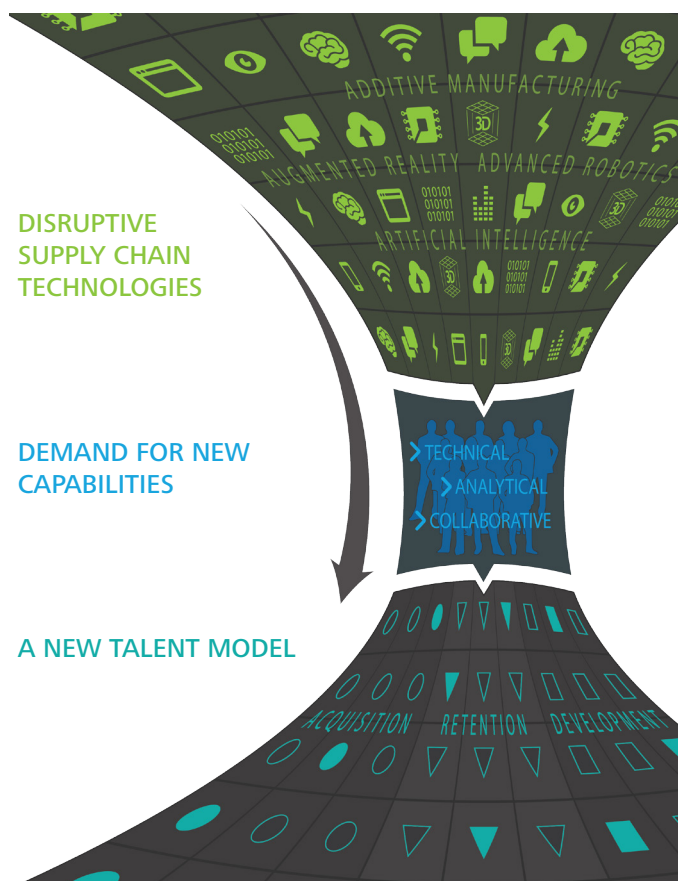
It seems clear: to meet a company’s strategic objectives in the future, ever greater competencies in the talent pool will be required. Yet even at this basic level of recognizing the challenge, a gulf opens up between supply chain leaders and followers. Respondents from leading supply chain performers went so far as to say, in clear majorities, that both of these general areas of competence were “extremely important.” But their follower counterparts seemed far less adamant. Just 17 percent of followers (versus 55 percent of leaders) said that hiring more *technically competent* employees would be extremely important to achieving strategic objectives. Only 23 percent (versus 53 percent of leaders) said hiring people with more *leadership and professional talents* was extremely important. There is an irony here that is telling: the companies who are most convinced they must improve are the ones who are already in the lead.

Of the two types, the leadership and professional competencies might be the hardest to hire for—or for that matter, to cultivate. In a recent interview, Cisco Senior Vice President Angel Mendez expressed his enthusiasm for how the supply chain profession is evolving, saying that “increasingly this type of role—certainly our supply chain operation positions here, and in many, many companies—is at the core of bringing new capabilities to market quickly, and reacting to competitive pressure and market dynamics.” As a result, he believes, the executive in charge of supply chain operations is “really becoming someone that the CEO spends a lot more time with.”

But Mendez admits: “that’s a massive shift.”¹⁰ For many organizations, making that shift will be a challenge. When our survey asked specifically about seven strengths related to leadership and professional competence, only one of them was thought by a majority to be something their supply chain organization was excellent or very good at doing (see Figure 6). This was the ability to negotiate and collaborate with value chain partners—and even this was considered a strength by only a bare majority of 51 percent. What’s more, if these firms are not feeling the pressure to excel in these various areas today, most indicate they will in the future. Every competence we asked about found majorities saying it would become more important over the next five years.

Topping the chart in terms of what will be more critical in the future is strategic thinking and problem solving, thought by 74 percent to be rising in importance. Unfortunately, only 43 percent say they are very good to excellent at it today. Cisco’s Mendez sees this as the biggest impediment to the long-term shift he sees in the profession. He says: “what I’m seeing in many of my colleagues in the profession is not enough strategy and too much short term tactics. And if people are going to grow and evolve the profession, and we do this as a community of leaders in it, we need to be far more strategic.” Our surveyed executives appear to agree. While they claim on average that they are spending 46 percent of their time on strategic activities, most do not consider it enough. On average, they would like to increase that to

Figure 6: Leadership and professional competencies of company's employees
Current performance versus expected change in importance



56 percent. It might be, however, that time spent is not the only key to effective strategic thinking and problem-solving. Many could probably benefit from new tools and processes to help them look further to the horizon and engage better with the “big picture.” Other leadership competencies of particular concern are the ability to manage global and virtual teams (a strength in only 43 percent of firms); the ability to persuade and communicate effectively (42 percent); and leading and developing others (the bottom of the bunch, at just 41 percent). This last one, of course, has an extra sting to it. Any failures in developing the next generation of talent have the effect of robbing the future of supply excellence, too.

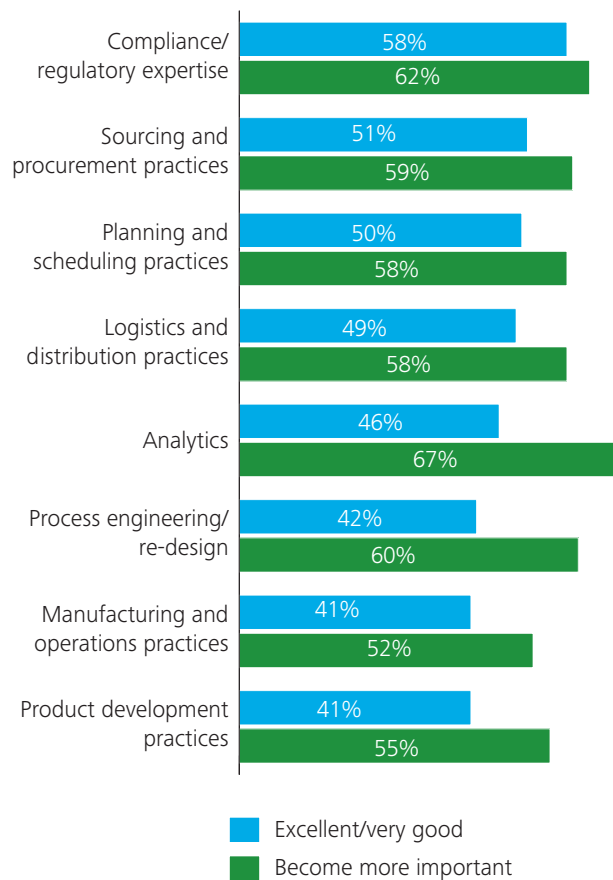
Moving to the technical competencies required for the future and where firms stand today on them, we identified eight through our interactions with client organizations (see Figure 7). We asked: “How would you rate the employees in your company’s supply chain organization on each of the technical competencies below?” And: “Do you think each of the technical competencies below will become more or less important to your company’s supply chain organization over the next five years?” On this front, the picture looks similar, with only two being considered strengths by majorities of organizations—and all, again, rising in criticality.

Having a technical competency in analytics is seen as the biggest “mover” on the board, with two-thirds of respondents saying it would become more important in years to come. Only 46 percent see it as a strength today in their supply chain organizations.

Second most up-and-coming was compliance and regulatory expertise (judged by 62% to become more important), and in third place was process engineering/redesign (60 percent). Certainly, regulatory issues are coming to the fore as supply chains increasingly cross borders and take on heavier globalization emphasis. But it’s important to note that no technical competence was expected by this population to become less important. Again, it appears that supply chain managers in general are aware of the growing challenges they face.

Executives gave the very lowest performance ratings to their companies’ employees in two technical competencies: manufacturing and operations practices and product development practices. In both areas, only 41 percent of executives felt their organizations were excellent or very good.

Figure 7: Technical competencies of company’s employees
Current performance versus Expected change in importance



Ramping up talent management

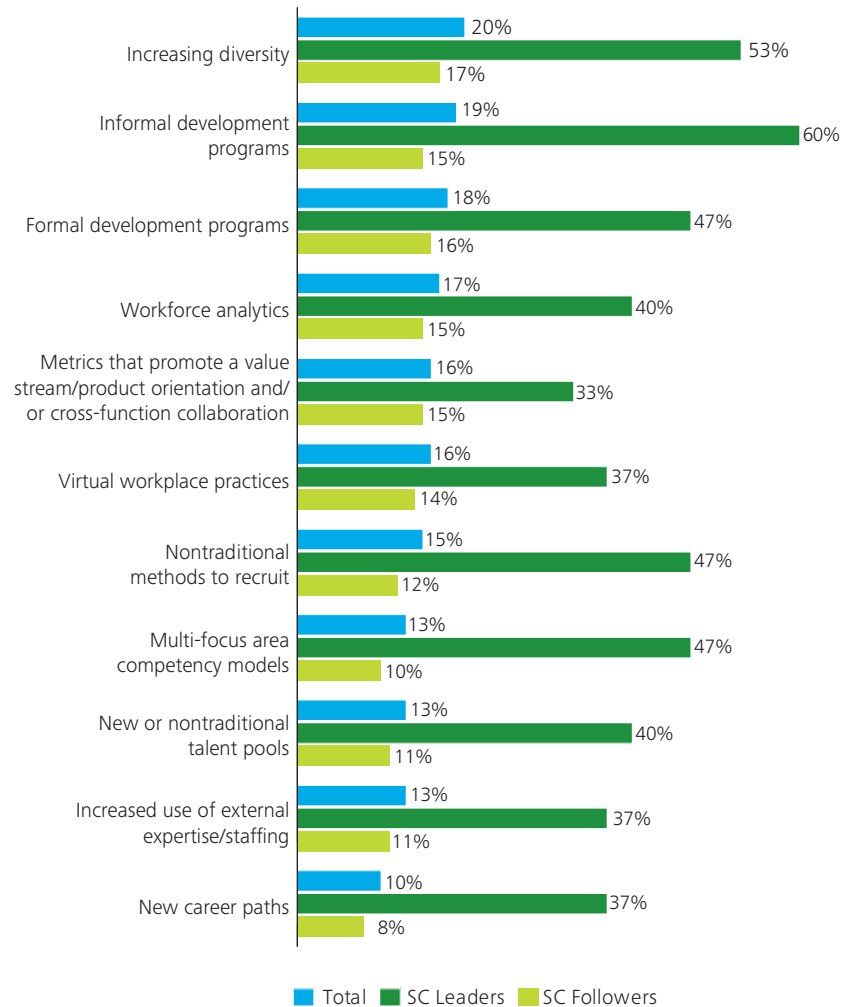
An organization that wishes for better talent should probably invest in better talent management. However, our survey reveals little adoption of leading talent practices by supply chain organizations. Inquiring about 11 separate practices, ranging from increasing diversity to enabling new career paths, we found none of them in extensive use by more than 20 percent of respondents' firms (see Figure 8).

More to the point of this year's report theme, talent practices are the area in which we see the largest discrepancies between supply chain leaders and supply chain followers. Each of these practices is used by at least a third and in some cases more than half of supply chain leaders.

Most dramatically, look at the difference in use of "multi-focus area competency models." As the phrase implies, this relates to the common practice of competency modeling, or determining what competencies are necessary for successfully performing a given job or role. Instead of pigeonholing managers into roles with generic models associated with them, a "multi-focus area" approach allows competency models to be tailored to reflect the often idiosyncratic nature of jobs in times of disruptive change. Naturally this requires a greater degree of sophistication in human resources management—and a deeper conviction that talent development deserves the additional effort. We see it in use extensively at 47 percent of supply chain leaders—but only 10 percent of supply chain followers.

Even fewer supply chain followers (8 percent) seem interested today in plotting new career paths for their supply chain professionals. And indeed, even the practice they are pursuing most actively—increasing diversity—is extensively used by only 17 percent of them. Like many talent practices, these two turn out to be interrelated in many settings. This is why, for example, researchers at Ohio State University have conducted an annual survey of Career Patterns of Women in Logistics for the past 18 years.¹¹ A lack of gender diversity has unfortunately been the hallmark of the supply chain profession, even as other areas of the business make progress. As recently as 2014, when SCM World counted the number of women occupying top supply chain positions in Fortune 500 companies, it found only 22 among 320 businesses that have true supply chain functions. SCM World research director Kevin O'Marah reports on that result: "The numbers tell a story of winnowing down a talent pool to

Figure 8: Use of talent practices by supply chain organization
Percentage "use extensively"



the point where nearly all diversity in gender terms is gone by the time careers in supply chain reach their peak." And of course, gender is just one dimension along which today's organizations should be diverse; others include race, ethnicity, and age. To counteract this winnowing process within any population, it's vital to understand the nontraditional pathways by which diverse talent can find its way into the profession, and up the ranks. Past Deloitte research has emphasized the need to see a career in today's world—especially for diverse talent—less as a "ladder" and more as a "lattice."¹²

It is interesting to look at the talent practices embraced most and least by supply chain leaders. Informal development programs top their list, with fully 60 percent making extensive use of them. In this category would fall the common practice of ensuring that professionals who show promise have access to mentors—and sometimes more importantly, sponsors—who can help them reach their potential.¹³ Sponsorship differs from mentorship both in terms of the right person for the role and the aim of the relationship, since it is even more about opening doors to advancement and advocating for candidates than about sharing and shaping personal strategies for success.

On the other hand, supply chain leaders seem less convinced of the value of establishing new metrics to drive new behaviors—for example, a greater orientation toward value creation or more cross-functional collaboration. Barely a third report extensively using this practice. It may be that they find a new Millennial generation of talent less influenced by measurement systems, or alternatively, they might simply gravitate toward means of signaling desired behaviors that are easier than shifting to new metrics.

One thing seems abundantly clear. In a decade when baby boomers will retire in droves, supply chain organizations will need to raise their game in recruiting. Data compiled by the U.S. Bureau of Labor Statistics suggest we will see significant growth in supply chain-related jobs between 2010 and 2020. Yet the talent qualified for these increasingly high-skill positions is scarce. Already, some observers believe the demand for supply chain professionals might exceed supply by a ratio of six to one.¹⁴

No surprise, then, that executives in our survey reported that recruitment is a greater challenge than retention, and especially at higher levels. Roughly three-quarters of executives said it is difficult for their company's supply chain to recruit senior leadership, while about two-thirds said the same about recruiting at the senior director/director level. In our interactions with clients, we frequently hear that organizations are seeking different types of talent than those who "grew up in supply chain."

Many are seeking new capabilities, behaviors, and ways of thinking to challenge and complement their traditional strengths. Thus we see supply chain leaders making extensive use of non-traditional methods to recruit (47 percent versus 12 percent of followers) and drawing on new or nontraditional talent pools (40 percent versus 11 percent of followers).

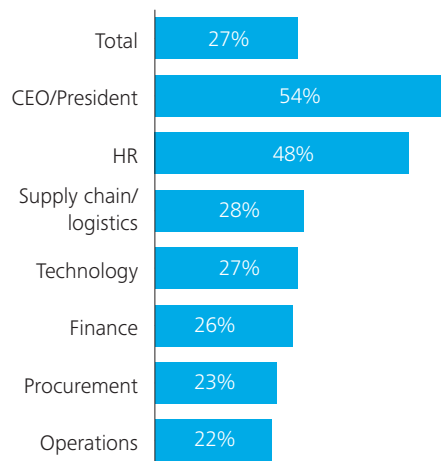
Across all these areas for talent practice improvement, leaders of supply chain organizations can benefit from more productive collaboration with their companies' HR functions. Today's partnership among the functions does not look nearly strong enough: only 27 percent of executives said the support the supply chain organization receives from the HR function is excellent or very good (see Figure 9).

Unfortunately, there is also a disconnect here that might prevent the collaboration of supply chain and HR managers from growing much stronger. Among the respondents to the survey who hold HR responsibilities, the current situation looks much rosier. Roughly half of them rate the performance of the HR function as excellent or very good in working with the supply chain organization to meet its talent needs. Even more troubling, our CEO and president-level respondents hold this same elevated opinion of the partnership. It may be very difficult for supply chain leaders to get more mindshare from HR without a greater sense of urgency on others' parts that a problem exists. Certainly, talent practices can be improved with a greater sense of joint ownership and greater agility on HR's part to keep pace with the supply chain's changing needs.

Figure 9: Performance of HR function in helping supply chain meet its talent requirements

Percentage "excellent/very good"

Respondent responsibility



Fixing “the worst supply chain”

As a profession, supply chain management finds itself in something of a crisis. Just as it is gaining stature within enterprises, many organizations are confronting critical shortfalls of talent. Years of headcount reduction, training budget cuts, and the retirement of highly skilled individuals have hollowed out the ranks of veteran professionals. New graduates, despite the growing number of supply chain programs, emerge from universities in what seems like a trickle. O’Marah notes the painful irony: the flow of talent the profession has managed to put in place is “the worst supply chain in the world.”¹⁵

The Deloitte 2015 Supply Chain Survey both confirms the extent of the problem and offers cause for optimism. Although relatively few companies report using specific talent practices extensively, many say they will use them more in the future (see Figure 10). In fact, roughly half of executives expect their companies will use each talent practice more over the next five years, with those at supply chain leaders somewhat more likely to expect increased use.

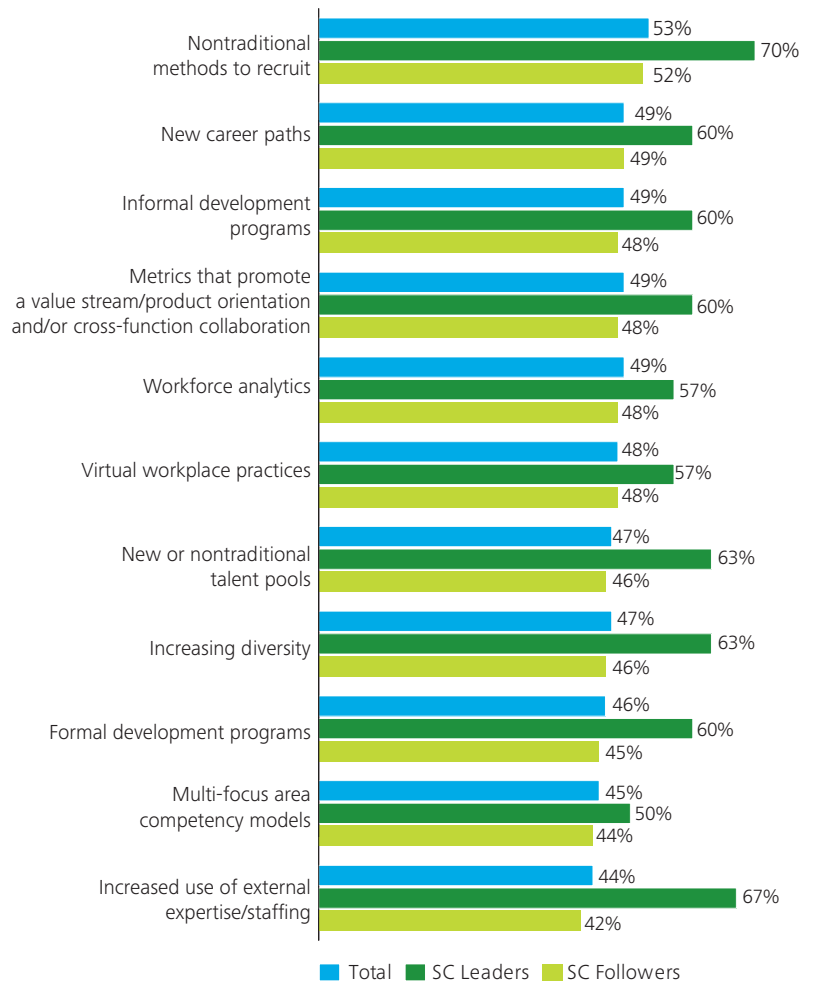
Supply chain leaders anticipate the biggest rise in the use of nontraditional methods to recruit. What does “nontraditional” mean? Examine what Cisco did over a decade ago. Lacking enough applicants for its high-skilled positions, it decided to target “passive job seekers”—in other words, people who are happy where they are, but could be persuaded to take a more attractive position. Cisco hosted focus groups of desirable talent, in the way most companies do of customers, and discovered patterns in how they spent their time outside work—at art fairs, home-and-garden shows, and microbreweries. Then, it started sending recruiters to those places to strike up informal acquaintances with potential recruits.¹⁶ Today, many more organizations are realizing it will take this kind of out-of-the-box thinking to recruit the talent needed for supply chain excellence.

Still, the largest difference between the expectations of supply chain leaders and followers is something of a concession to reality. By a margin of 25 percent, leaders are more likely to believe their supply chain organizations will make increased use of external expertise and staffing (67 percent of leaders versus 42 percent of followers). Supply chain talent, this suggests, may flourish best when

it lives outside the walls of organizations where it can only be a support function—and lives inside companies where supply chain excellence is “the business of the business.”

Supply chains are becoming ever more complex systems to manage. For any given business, this represents a challenge. At the same time, it is a potential source of advantage because, when something becomes harder to manage, the rewards for managing it well are heightened. In the midst of a shifting landscape, some businesses are emerging as supply chain leaders, while others are followers. Increasingly, the difference comes down to talent. **Which kind of supply chain organization are you building?**

Figure 10: Expected change in use of talent practices over the next five years
Percentage “expect to use more”



Appendix

Survey Methodology and Population

Deloitte Consulting LLP engaged Bayer Consulting to conduct a survey to explore how U.S. companies are managing their global supply chains and to understand the key issues they face, especially with respect to talent. The survey was conducted online in November 2014 and was completed by 400 executives from global companies (minimum of \$500 million in annual revenues), with one or more of the following located outside the U.S.: customers, operations, or third-party service providers.

Company size:

60 percent of the companies had annual revenues of \$5 billion or more, 24 percent had annual revenues of \$1 billion to \$5 billion, and 16 percent of the companies had annual revenues of \$500 million to \$1 billion.

Industry:

Financial services (21 percent), retail and wholesale (14 percent), industrial products (12 percent), consumer products (11 percent), healthcare (9 percent), aerospace and defense (8 percent), technology (6 percent), automotive (5 percent), energy and resources (4 percent), process/chemicals (3 percent), telecommunications (3 percent), diversified manufacturing (3 percent), and life sciences (2 percent).

Title:

31 percent VP/EVP/SVP, 31 percent senior director/director, 27 percent CXO or equivalent, 11 percent general manager, and 2 percent other.

Identifying SC Leaders

To identify Supply Chain (SC) Leaders, executives were asked how the performance of their company's supply chain compares to that of other companies in its industry on two metrics: (1) inventory turnover and (2) the percentage of deliveries that are on time and in full.

SC Leaders = Rated by their executives as significantly above average on both metrics compared to other companies in their industry. (8 percent of total)

SC Followers = Rated by their executives as less than significantly above average on one or both metrics. (92 percent of total)

SC Leaders also have a higher financial performance. Measured against other organizations in their industry:

- 73% have revenue growth significantly above average
- 73% have EBIT margin significantly above average margin

Notes:

In the charts that present the survey results by industry, "industrial products/automotive" also includes aerospace and defense companies, while "technology" includes telecommunications. Percentages may not total due to rounding.

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Endnotes

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