

Chains of command

For consumers, a supply chain tends to be something you're only really aware of when it goes wrong. You're searching for a product and it is unavailable — like laptops at the start of the pandemic or, more recently, fresh salad in British supermarkets. It's frustrating, annoying. A reminder that you shouldn't take the availability of everything for granted.

For supply chain leaders, though, such difficulties are emblematic of how their part of the business has become far more visible. This transformation has partly been fuelled by rising customer expectations — overnight delivery options, for example, are now considered the norm — but there are other factors at play too. Sustainability, digital disruption and geopolitical turbulence are just some of the issues that are remaking the supply chain and with it the role of supply chain leaders themselves.

Today, theirs is a role which has become more senior and strategic, instrumental and influential. As a key internal and external connector, they are likely to be fully embedded at key decision making tables, advising board members and dealing directly with c-level executives.

To help spotlight the ever evolving forces powering this multi-layered logistical tapestry we have spoken with supply chain leaders from different industries to identify the capabilities needed to thrive in this fast-changing landscape.

Stepping up, stepping out

Even before the pandemic took root, the supply chain function was already undergoing sweeping changes. As my colleague, Gianluca Bianchi, has pointed out, chief supply chain officers (CSCOs) and their colleagues have in recent years had to contend with a multitude of market disruptors and a fiercer spotlight on their activities and results, from both inside and outside their organisations.



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LARS SCHUBERT
COO, BSH HOME APPLIANCES

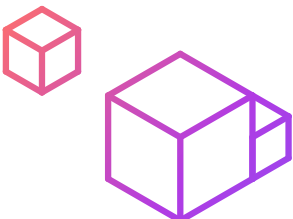
In a way this is to be expected. No role, nor profession, ever stays exactly the same. But for newly appointed CSCOs, these changes have meant that the bar to success has been forced ever upward. Not only do they have to adapt to the rigours of a new job — never straightforward — but they are also having to do so under increased pressure to hit the ground running from day one.

Against this challenging backdrop, David Cutter, CSCO of Dutch dairy company, FrieslandCampina, believes it is vital they stand tall and exude total belief that they are where they belong. “You have to be confident that you deserve to be in the role,” he stressed. “But at the same time, you should make sure to plan out your schedule to give enough time to prepare for board meetings, and also stay close to the CEO for guidance on the board and coaching.”

This focus on coaching is vital, agrees Lars Schubert, chief operating officer of BSH Home Appliances. Although new CSCOs are senior leaders with a wealth of experience to fall back on, any additional support from their employer should be embraced. “Transition coaching is key,” he said. “You are now a board member and need to have a different perspective. You need to be responsible for the results of the company, not just the function. You can’t only live with harmony — you need to explain, but not justify.”

Being elevated to the boardroom also means adapting to the ebb and flow of debate at this more senior rank, not to mention the individual characteristics of fellow board members. Integrating with them and working in sync should be an early priority. When they are coming in from an outside role in particular they should ask themselves whether they will be a good fit with the CEO and the board.

For Harald Emberger, CSCO of German manufacturer, Beiersdorf, to accomplish this it’s best to keep things simple. “One of the biggest changes in operating at board level is to convey very complex scenarios in simple words,” he said. “You need to provide or build confidence that supply chain management will operate in a secure way to support business growth and innovation.”



Beyond fully functional

Working to a senior level in supply chain management means that individuals pick up a depth of expertise along the way. It's inevitable. As experiences accumulate and skills develop, they become specialists within their function. For newly appointed CSCOs, though, while this functional knowledge remains important, they require more strings to their bow in order to fully succeed in their new role.

"CSCOs still tend to have an engineering background and often love technical things," said Peter Ernsting, former CSCO of Carlsberg. "Although technical matters are of underlying importance, they are less relevant to the overall business. If you only follow your routine of being very good in manufacturing, procurement or planning you are surely going to miss the boat. It's all about the people and the governing processes involved from customers and supplier/partners to the supervisory board, shareholders and other stakeholders."

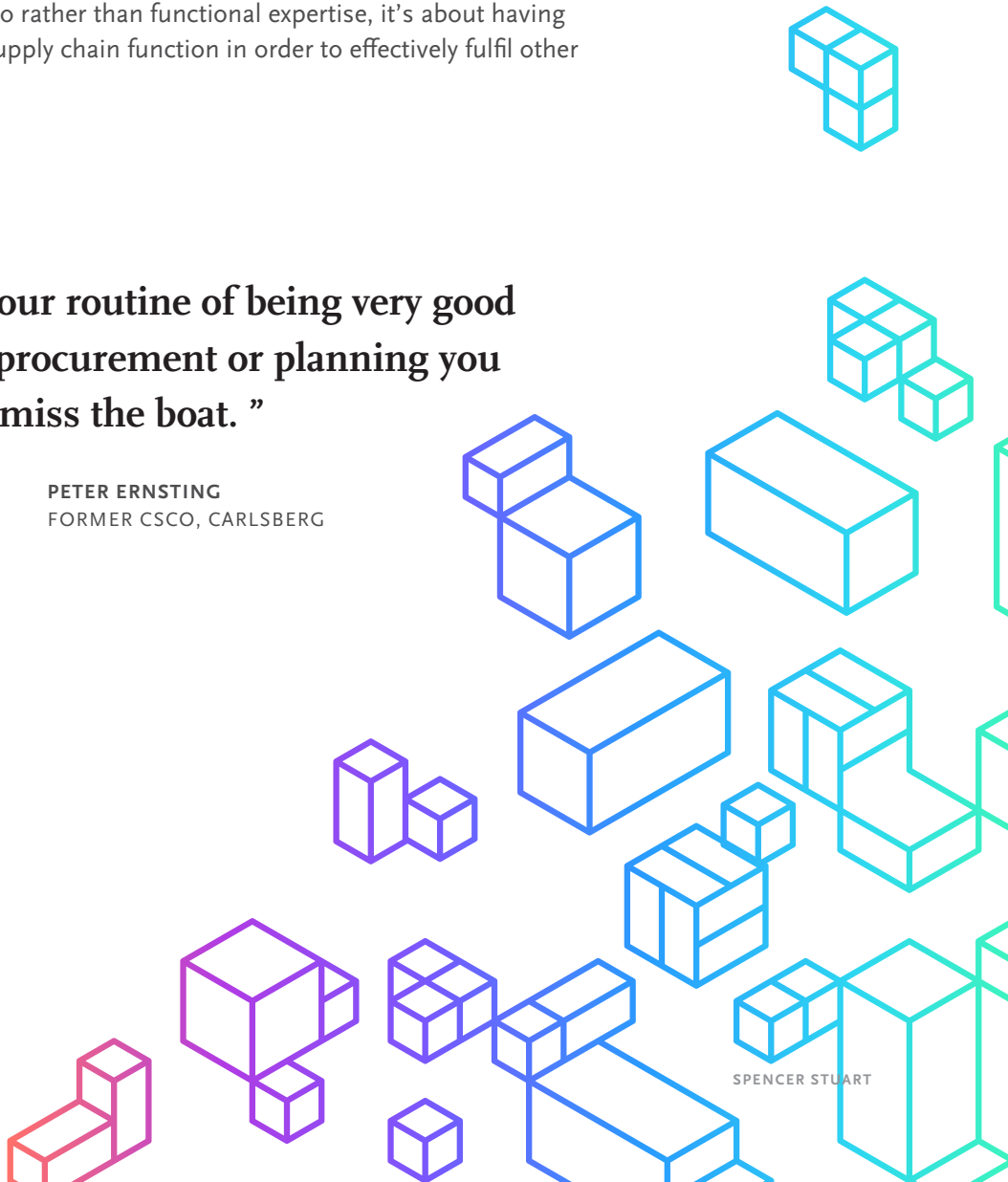
Bart Derde, CSCO of British healthcare company, Haleon, also believes that functional expertise is only one part of the story. "Articulating the supply chain management strategy to other leaders across the business and making sure this is aligned with company strategy are key priorities" he said. "So rather than functional expertise, it's about having greater interconnectivity across the supply chain function in order to effectively fulfil other aspects to the role."



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PETER ERNSTING
FORMER CSCO, CARLSBERG

SPENCER STUART



It's about time

A key theme that emerged from our conversations with supply chain leaders is the sheer pressure on their diaries. As the complexity of the CSCO role has increased, managing time has been cited as one of the biggest challenges, especially carving out sufficient space to think and reflect on the issues that really matter.

Maria Pia De Caro, CSCO of French drinks company Pernod Ricard, believes that this is actually a vital part of the role. “I realised very early on that thinking was more important than doing,” she said. “So ironically, I took more time for myself to walk, to think. Every time I was too tired to think I was doing damage to the organisation. At first I felt almost guilty, then I realised that this is really my job, and that my role is to put the right people in the right place and help them give their best.”

Ringfencing the necessary space to do this, however, is not always easy. For example, CSCOs may need to have to invest more than anticipated time in building and establishing good relationships with senior colleagues. The CEO. The chair. The senior independent director. The head of the audit committee. The executive team peers. All of these relationships need to be cultivated. And there are always demands and requests, meetings and engagements, which ensure that no two days are the same.

With opportunities for reflection so few, it is vital to be organised and clear on what the key priorities are as there is no time to waste — quite literally. To do this, Sami Naffakh, CSCO of consumer goods company Reckitt Benckiser, highlights the importance of establishing a sense of order. “Be very structured,” he said. “It is about dealing with both the strategic and operational agendas — the here and now without losing sight of tomorrow.”

Managing the stakeholders

By operating at the very heart of a business CSCOs will automatically gain access to a wide variety of stakeholders. This has its positives — they are exposed to all areas and have the ability to build deep relationships across the company — but it also means that they have to ensure that these stakeholders are involved and aligned with the supply chain, which is by no means straightforward.

This is a particularly pertinent challenge as boards are now increasingly aware of their importance in building a more sustainable and competitive business, and anticipating and facing the rise of frequent and fast changing external risks. As a result, the best CSCOs have pivoted into a new position of influence to connect across the function, with CEO and the board.

This all means that this is no time for shyness, according to Carlsberg CSCO Victor Shevtsov. “You need to be more extrovert,” he said. “Force yourself to step out from your comfort zone and try to understand the language and priorities of your stakeholders. There is less time to persuade people and convey messages as other c-level colleagues are super busy so you need to grasp their attention. But it's also important to hear what they have to say. By listening, you better understand their priorities and how supply chain management can help achieve them.”

Vikram Agarwal, the chief operations officer at French food company, Danone, says that one of the very first priorities should be to identify the business growth pressure points from the regional/ category business leaders. Is it about supply? Or service? Or the cost of goods sold? Or cash/ working capital? Or all of them?

“To understand the underlying growth drivers beyond the reported numbers, it is crucial that the new CEO/ CSCO spends time with the business leaders before plunging internally into the supply chain,” he said. “Approach it with a solution mindset and generate some early wins.”

Sustaining sustainability

Another issue in need of solutions is sustainability, which is rarely off the radar of any leader, CSCOs included.

Our recent survey of sustainability leaders, for example, found that it has become a core strategic consideration and direction for businesses. But while more than 50% of them said sustainability goals are at least quite embedded in their supply chain, less than 50% said it was easy to achieve good outcomes when interacting with their supply chain counterparts.

Perhaps this reflects the sheer complexity of the issue. From recycling to emissions, raw materials to transportation, there are many moving parts for CSCOs to address through the sustainability lens. This helps explain why David Cutter believes that direct personal knowledge of the sustainability field is increasingly important. “Being able to balance investment and performance with sustainability will be required,” he said. “I think a background with more sustainability experience will be needed.”



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PIER LUIGI SIGISMONDI
PRESIDENT FOR FOOD AND BEVERAGE, DOLE SUNSHINE

Pier Luigi Sigismondi, president for food and beverage at Dole Sunshine and former Unilever CSCO, believes that sustainability has become so vast and is such a business imperative that it has to be embedded across all functions. “There needs to be commitment from everyone,” he said. “It is not just for external CSR purposes but more about a new way to do business and so everyone needs to be focused on it.”

Vikram Agarwal pinpoints three sustainability elements to prioritise. “Firstly, it’s about health and wellness, and whether your products are doing good things for people,” he said.

“Secondly, it’s social responsibility; about the positive impact we have on employees, communities, business partners suppliers. And thirdly, it’s about reducing emissions—both our own and upstream, i.e. scope 1,2 &3. These are the ones most connected to supply chain management. This final area is not just about being a good corporate citizen, but a business essential to manage our margins and customer choices.”

Who's next?

Another business essential is the implementation of effective succession plans for key leadership roles. One of the principal risks that any company faces is a failure to attract and retain the talent they need as this could put in jeopardy their ability to carry out its strategy or respond to new competitive threats.

Effective succession plans demand thoughtful, diligent planning and a willingness to hold senior leaders accountable — and CSCOs are no exception. There are, however, different factors to weigh up. While internal appointments help encourage a more seamless transition as the individual is already familiar with the business, bringing in top external talents can help challenge the status quo and bring a fresh perspective to deep-rooted challenges.



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DAVID CUTTER
CSCO, FRIESLANDCAMPINA

Inge De Winne, CSCO of malting company, Boortmalt, believes that an important first step is to get the end to end value chain set up. “Once this is on paper then it is also clear what type of person you see taking over from you,” she said. “Succession planning also needs to be looked at in a flexible way. Will you need someone who will optimise an already mature organisation or will they need to build it up from scratch? Either way, successors need to go through internal talent programmes and be well networked across the organisation.”

One theme which gains much support is that there is no time to waste — succession planning has to begin at once. “If something happens tomorrow who could take it on?” asked Sami Naffakh. “You need to look at that immediately. And if you have a clear stand-out individual who could be your successor, then give that person more exposure than others.” David Cutter concurs. “Succession planning should start straight away,” he said. “A few people should be given the right experiences to prepare them for the role over a number of different job moves.”

Turning the page

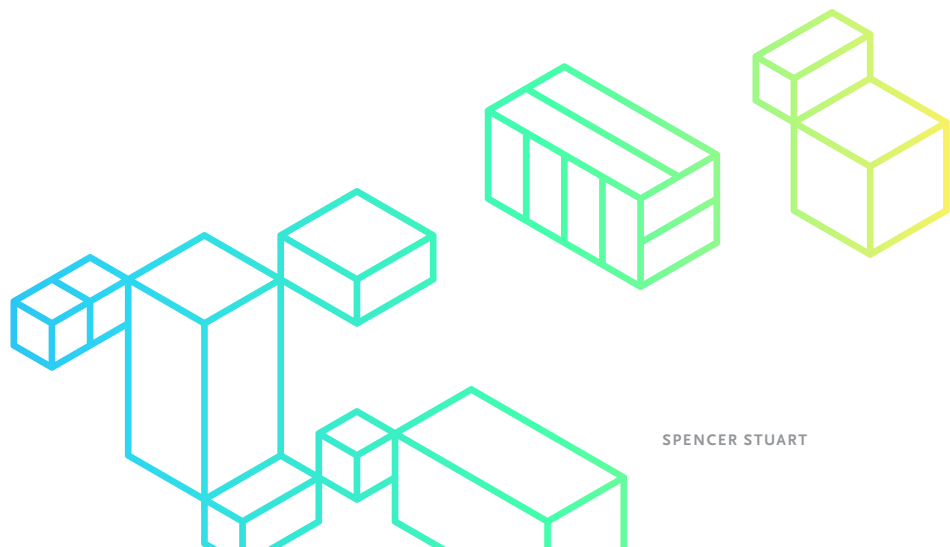
Given the intense economic and geopolitical turbulence which continues to ricochet around us, it is difficult to predict with some certainty how the future will develop, both for CSCOs and business more broadly. However, there are some fundamentals which are likely to remain unchanged. Planning and optimising resources, for example. Using technology to drive efficiencies is another. Sourcing raw materials and identifying the best distribution channels will also always loom large.

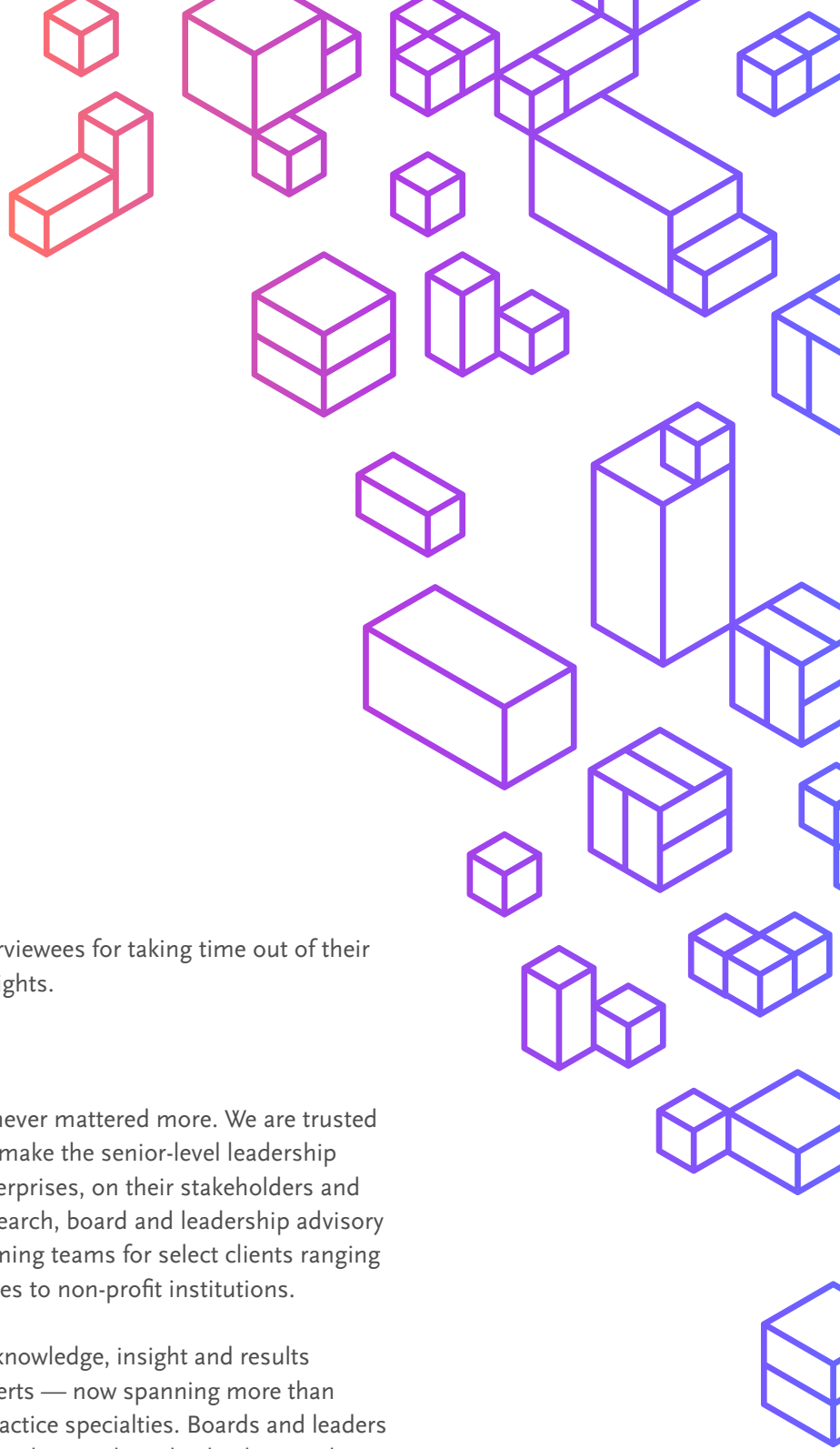
But perhaps the ability to adapt to uncertainty will itself be a key trait of future CSCOs — that’s certainly the opinion of Inge De Winne. “If you are overly focused on processes and systems then you will not be able to think out of the box and deal with ambiguity, constant change and disruptions,” she said.

Tony Milikin, former CSCO of drinks company Keurig Dr Pepper, believes that the experiences of dealing with the unpredictable means that supply chain leaders today are far better placed to become CEOs in the future. “In the 1980s, CEOs often had financial backgrounds,” he recalled. “From the mid-1980s onwards it was mainly commercial and marketing people who were taking CEO roles. But senior supply chain leaders will start moving into these positions as they have been great in managing crises and working across different functions.”

With this in mind, perhaps future CSCOs will require more direct knowledge of data and analytics, for example, as opposed to experience of working in plants and logistics. Such adjustments underline why the evolution of the CSCO role remains an ongoing process. But amidst this churn and change, supply chains will always remain core to the success of any business.

Taking on the responsibility for their smooth operation is not for the faint of heart. Yet supply chain management also represents a huge opportunity for impact and growth, development and advancement. And that’s why the best talent continues to gravitate towards the role and all it entails — and that should be a relief to all of us.





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Acknowledgements

Spencer Stuart would like to thank all of our interviewees for taking time out of their busy schedules to share their reflections and insights.

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