

How Transportation and Logistics Leaders Are Navigating a Fragmenting World



The transportation and logistics (T&L) industry is at an inflection point. After spending decades optimizing global supply chains for maximum efficiency and low costs, the industry's model is being tested by geopolitical shifts, trade wars, technological advances (like AI) and regional industrial policies. Whether by choice or by necessity in a world of disruption, T&L companies are strengthening their regional operations within their global organizations, building supply chain networks that are shorter, more localized and less vulnerable to disruption.

This regionalization, of course, poses immense leadership challenges. What kind of skills do top T&L leaders need to succeed today? How do you find and develop leaders who can thrive amid change? How can you prepare yourself and your organization for technological transformation?

To answer these questions and more, we recently conducted our first-ever global survey of T&L executives, including responses from nearly 30 CEOs and peers. In conjunction with this survey, we interviewed nearly a dozen top industry leaders for their unique insights.

The data and conversations align with the general trends outlined above. Every T&L leader who took our survey said that they believe that regionalization is a long-term, structural shift for the transportation and logistics industry. More than one-third reported that they are actively regionalizing their organizational structures to make them nimbler in the face of this change.

In many ways, the findings mirror those in Spencer Stuart's broad, cross-industry [Measure of Leadership research](#) about today's top-of-mind issues for leaders. In that study and this one about T&L, leaders tell us that amid uncertainty, they are doubling down on the issues that they can control, evergreen topics like company culture, organizational dynamics and access to talent.

In this article, we dig deeper into the findings from our research, and look at what it means for T&L leaders as they guide their organizations into the future.

Balancing global efficiency with regional autonomy

For all the jitters about trade tensions and other shocks, global trade remains fundamentally resilient. While acknowledging the risks — 62% of survey respondents said their companies are “very” or “extremely” exposed to geopolitical risk — T&L industry leaders are confident that an industry that successfully grew through decades of globalization can continue to thrive by becoming more agile and adaptable.

Most companies are striking a balance between global and regional strategies; 34% said they are equally emphasizing global and regional efforts, and another 34% are employing global efforts with some regional adaptations. Many are reducing their reliance on any single geography while investing in stronger regional hubs and “local-to-local” loops. Importantly, there is little evidence that companies are fully reshoring.



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FORMER CEO OF GXO LOGISTICS

Ultimately, most organizations are centralizing some functions for scale and consistency while pushing much of the day-to-day decision-making closer to the customer. Regional, on-the-ground awareness is a must-have for global leaders today.

“I think the wonderful thing about big logistics organizations is that over many, many years, they’ve learned to adapt to what their customers require — not just today, but what they’ll require in the future,” said Malcolm Wilson, former CEO of GXO Logistics. He added, “There’s no environment any longer where C-level executives exist just to satisfy shareholders. They also have to be close to customers.”

It can be a tricky balance when local leaders are considering how local decisions may impact the global strategy or operations in other countries.

“Your top managers need to have sensitivity related to public affairs in their country,” said Olivier Storch, deputy CEO of CEVA Logistics. “And of course you need to be super-agile at managing regulations, because those regulations can bump into each other.”

By empowering local managers and country CEOs with real decision-making authority, they are able to react more nimbly to regional problems while keeping an eye on the global picture.



“At the group level, we set the overall strategic direction, global standards, governance and overarching operational excellence frameworks. But you still need local agility,” said Kerry Mok, president and CEO of SATS Ltd., one of the world’s largest air cargo handlers. “Our regions are empowered to make decisions, and with the right level of decentralization, we reduce bottlenecks, accelerate response times and enable execution where local teams best understand the operating realities. When regional leaders have clear decision rights, they can react immediately to regulatory shifts, capacity changes or disruptions in trade flows. A clear escalation framework ensures that issues requiring broader alignment are elevated appropriately.”



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CEO OF DHL GLOBAL FORWARDING MIDDLE EAST & AFRICA

Some leaders even see a unique opportunity from agility: the chance to adapt lessons learned for other regions.

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Talent challenges in a fragmenting landscape

This strategic realignment poses immense talent challenges, about the leadership skills needed, where to obtain the right people, and how to build an organization ready for AI and other technological transformations. Several talent challenges in particular stand out:

1. Leadership pipeline and succession risks

Nearly half of survey respondents say their rising managers are only “somewhat prepared” for the future; only 4% say they are extremely prepared. In other words, as decision-making spreads outward, some are worrying about whether their bench of leadership talent is deep enough.

While some companies are investing in internal development programs, others are preoccupied instead with immediate commercial and operational issues. Some T&L leaders told us about their concerns regarding succession planning at the highest echelons, especially in situations where long-tenured executives are near their retirements. “We have no choice but to stretch people beyond their comfort zones,” one CEO told us. “Ready-made leaders are in short supply.”

Paradoxically, although everyone knows talent is important, it is not always a top priority, especially when other challenges are at play. In our survey, when asked to rank people leadership, strategy and operations, 17% of respondents placed people leadership (talent development and culture) first; however a nearly equal share ranked it last.

In our conversations, however, most leaders told us that people leadership was of the utmost importance, even amid immediate concerns.

“Building up the right talent, a suite of strong people, is the number one priority for any business,” Malcolm Wilson said. “In logistics, you are a service provider to your customers. Strategy is about being agile to adapt as your customers need you to.”





2. Technological change and the digital skills gap

From warehouse automation and AI-driven demand planning to IoT tracking and autonomous vehicles, technology is rapidly changing the T&L industry. The industry needs talent to help harness it.

Few T&L leaders are confident in their organizations' ability to manage technological transformation. No one rated themselves "extremely confident" about navigating technology change, and only 24% were "very confident." The vast majority (59%) say they were only somewhat confident.

When asked about barriers to digital transformation, T&L leaders most often cited a lack of people with the skills to implement and use new technologies. While most companies have data and technology experts on their teams, those teams can clash with more established ones. Indeed, our conversations underscored that idea that technology is only as good as the people behind it.

"You need talent in order to manage technology," said Detlef Trefzger, who served as CEO of Kuehne + Nagel from 2013 until 2022. "I mean, you shouldn't invest in technology if you don't invest in the experts that can deal with that technology."

Interestingly, no one we interviewed said they fear technology's takeover of the human element entirely. Instead, the consensus is that people who understand technology will replace people who don't. In other words, the real risk is not that AI will start running your operation, but rather that your competitors will leverage AI better and start running circles against laggards.

"People tend to overestimate the short-term impact of technology and underestimate the long-term," said Thomas Knudsen, executive chairman of Toll Group.

3. Cultural evolution

Despite its strong foundations, the T&L industry must reexamine its legacy mind-sets. Operating with a dual global-regional focus requires a more nuanced leadership approach: global awareness and local agility coupled with an overall comfort with ambiguity. A top-down control model may hinder attempts at cross-company collaboration or newly empowered regional units.

Demands on leadership are, if anything, increasing. Top executives today must juggle uncertain geopolitics, evolving technology and changing workforce demands even as they need top-notch business acumen. Traits like resilience, agility and openness to change came up repeatedly in our interviews as must-haves (or must-develops) for leaders.

At the customer level, there remains a demand for the human touch. During the pandemic and other crises, it was the dedication of teams on the ground that kept goods flowing. Now, as organizations push transformation, they must be careful not to lose the human element that underpins strong execution.

“Logistics is still fundamentally a very people-driven industry,” said Siew Loong Wong, COO of KLN Logistics Group. “It’s about trust, and your people are critical to that. Your customers need to trust that you’ll back them up.”

For example, Lance Malesh, CEO of MODE Global, noted how his company’s customers greatly prefer human interaction, even when there is an automated tracking platform available. “They want their trusted operations team to tell them their shipment status. When the operations team shares the status, they’re more confident with the information.”



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Developing the talent to thrive in a regionalized world

The good news amid this disruption is that leaders are not powerless to drive change. By taking deliberate action to cultivate talent, companies can turn these challenges into a competitive advantage. We see three broad talent strategies to pursue:

1. Prioritize leadership development and succession planning

Your pipeline gap won’t fix itself; it requires formal talent development backed by the CEO and board. That means investing in training programs, mentorship, and internal mobility to prepare future leaders.

“Leadership always matters — the results will be seen in the long term,” said Detlef Trefzger.

Many leading companies have development programs for high-potential talent, understanding the talents scarcity in the market; others regularly update their succession plans, treating it with the same rigor as financial planning. The goal is to have “ready-now” candidates — or as close as possible — for every critical role.

“There is often a short-term focus on operational and strategic challenges, which can overshadow talent development,” said Aymeric Chandavoine, president of Europe for Maersk. “However, we believe that investing in talent is essential for long-term success, and we are working to elevate its priority within the organization.”

2. Infuse new skills

Bridging the digital and innovation gap requires both hiring for need and developing expertise within the existing workforce. For skills such as data science, software engineering and others, many executives tell us they’re considering looking outside the traditional logistics talent pool. Whatever the scenario, the key is cross-pollination: creating integrated teams where domain veterans and tech experts learn from each other.





Upskilling programs are equally important in a world where much work is being automated. Even some basic roles are being retrained as automation takes hold, with some being redeployed to higher-value analytical work. An environment where employees at all levels are encouraged and incentivized to acquire new skills can help prepare a company for the next disruption. The details may vary, but the common thread is an investment in people's capabilities.

When bringing in external talent to supplement areas of need, organizations need to be careful about how this talent is integrated into the existing business, in order to enable new ideas — and new people — to take root.

3. Cultivate an adaptive, purpose-driven culture

Culture is your bedrock in periods of change. The most effective leaders are creating adaptable, innovative, collaborative cultures while maintaining the core values that already made the company successful. Cross-region and cross-unit collaboration can break down silos and promote a one-company mindset.

Crucially, purposeful change can be a rallying point for an organization's people. The mission of the T&L industry — to keep the world's goods moving — is already a rallying point for employees. In the face of change, ensuring that the workforce understands why regionalization and digital transformation are necessary to meet long established goals can help them feel like they are part of a mission, and more likely to go the extra mile, even when things get hard.

Three traits for tomorrow's T&L leaders

Based on our leadership advisory work in T&L and the insights from this study, a picture emerges of what great leaders in this industry will need to thrive.

Three traits stand out:

- » **Courage.** The resilience to make tough decisions for the long term, and the steadiness to stay the course in the face of setbacks. In volatile times, resilient leaders don't fall into panic or short-termism. They accept and learn from failures rather than fearing them.

"Courage is essential," said Bénédicte Colin, CEO of a European rail logistics company. "You always have to be comfortable with uncertainty, make quick decisions, and own them. What's dangerous is making no decision at all."

Kawal Preet, executive vice president for planning, engineering and transformation at Fedex, told us that today's leaders need to lead with their "hearts and minds" to help guide their teams through uncertainty.

"Every industry, every company right now is going through unprecedented levels of change," Preet said. "Whether it is external environment, technology, internally, you know, ways of working, workforce design, you name it. So being able to lead and collaborate with an understanding of that environment is critical."

- » **Agility.** The ability to adjust on the fly and make quick decisions when conditions change. This often means operating with less than perfect information and empowering others to act. Agile leaders shorten feedback loops, delegate authority and aren't wedded to "the way we've always done it." They also maintain an external focus — sensing changes in the market or environment early so they can pivot proactively.

"Our competitive advantage is speed of decision-making," said Søren Toft, CEO of MSC Mediterranean Shipping. "In shipping, if you can react two weeks faster than the rest, you win."

Importantly, leaders must maintain both connection and alignment between regional units and the corporate center. Policies and procedures must be harmonious — aligned in principle yet also adaptable to specific local and regional needs.

- » **Openness to change.** Top leaders today are adopting mindsets of welcoming new ideas, new technologies and new ways of working. In practice, this means being willing to unlearn old habits.

Flexible leaders are intellectually curious and able to engage with experts in AI, sustainability or other newer domains to guide their companies forward. They also foster diversity of thought on their teams, recognizing that a mix of perspectives leads to better solutions.

"They don't need to be technologists, but they need to understand what technology might mean for them as they think through the long-term strategy," said Toll Group's Thomas Knudsen.



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EXECUTIVE CHAIRMAN OF TOLL GROUP





Supported by strong talent development programs, adaptive and resilient organizations and agile, flexible leaders, transportation and logistics organizations can successfully navigate this fragmenting world and come out stronger.

The shift from globalization to regionalization is not a rejection of the past, but rather an evolution to meet the future. Companies that invest in their people and leadership capabilities will be the ones to strike the right balance between local agility and global efficiency, between fast action and long-term vision.

Transportation and logistics is, after all, still a people business. The tools will change and the trade lanes will shift, but strong leadership, effective teams and a culture of adaptability and learning will remain bedrocks of success in this industry, and will help drive the next era of growth in transportation and logistics, whatever challenges emerge.





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