

TAKING THE LEAD

In this challenging economy, leadership teams are looking anew at supply chain management to help win the game — but the game has changed. For many companies, managing the supply chain has evolved beyond the goal of gaining a competitive edge: it's about ensuring survival in a global marketplace. Now more than ever, supply chain excellence has become a core competency that companies need to reduce costs and improve top-line revenue.

Given that today's supply chain can account for 60 to 70 percent or more of a company's cost of goods sold, the link between an effective supply chain and company success is clear. Creating and sustaining such a supply chain depends on outstanding supply chain leaders who possess a specific, core set of skills and experiences, and the ability to effectively manage complex supply chain issues.

THE BIG FIVE

No one-size-fits-all prototype exists for the ideal supply chain executive, but a set of required skills and competencies for successful leaders has emerged. While the exact combination of needed skills vary based on organizational requirements and complexity, five main competencies build the foundation for any successful supply chain management executive.

Global orientation

In our work recruiting executives for some of the world's leading supply chain organizations, we've observed more companies shift their production capabilities and sourcing facilities in the past decade from purely local to global. Most of these multinational companies are leveraging sourcing opportunities worldwide.

The “markets of opportunity” — Brazil, Russia, India, China, Korea and Eastern Europe — are at the forefront of these efforts and are hugely complex. Organizations need supply chain management executives who are able to manage these complexities beyond traditional borders. For many, this requires firsthand experience with the cultures and clear understanding of the regions that figure prominently in the supply chain.

Supply chain executives need to be able to manage unpredictable markets by understanding and acting quickly on market changes to ensure cost competitiveness. They also must have the knowledge to lead the integration of supply cash, reduction of inventories and efficient utilization of assets across a global supply chain that may be thousands of miles long.

Operational excellence

Companies require a leader who can manage the entire supply chain function — from sourcing to manufacturing to logistics to alliance management

and P&Ls. This requires an executive with a record of operational excellence who has both a big-picture perspective and an ability to manage the details. A strong understanding across a broad skill-set of what makes supply chain tick — buying, planning, making, delivering — is critical.

To achieve integrated operational excellence, the executive should also have a wide breadth of general business experience. These qualities are often found in executives who have general management experience and a record of performance in multiple settings and a variety of industries. Today's supply chain leader should be one of the sharpest business minds in the company. He or she should be C-level in talent and rank, and possess the general management skills to step up and lead the organization.

Leadership

No longer merely a behind-the-scenes role, today's great supply chain leader is front-and-center in the organization. He or she needs to understand the company strategy, the client and the market. People management skills are critical to oversee the complex and often geographically scattered function. Like every great leader, the supply chain chief must also be a team builder, delegator, communicator and motivator. Given the complexity of managing across continents and functions, the supply chain executive's success or failure may hinge on excellent leadership and management skills.

Charisma and personality are very important. Successful supply chain executives require people, some thousands of miles away, to follow them and their plan. In addition, supply chain executives need to truly understand how to use human resources as a strategic asset in driving change and creating a workforce that can adapt and respond to volatile markets.

Strategic thinking

What works today may not work tomorrow. Supply chain executives need to be masters of change management who can position their organizations for the future. To succeed, great leaders must manage the constantly moving components that make up the entire supply chain. This requires the ability to think ahead, predicting where customer demand will be heading. They also have to balance risks with the implementation of innovative ideas.

The best supply chain experts focus on the perspective of the customer. As a result, companies may develop numerous supply chain models, each one serving a distinct set of customers with common characteristics. Each model, in turn, requires its own strategy, enabling the company to meet customer needs while maximizing capital. At the same time, there should also be an overarching strategic game plan to ensure that every single action is consistent with the plan. In a world where the rules of the game are constantly changing, truly successful managers must be superior strategists to stay a step ahead of competition.

Technological savvy

The major enabler of supply chain excellence is technology. Leaders must understand technology's contribution to planning supply chain activities with efficiency, transparency and flexibility. The supply chain chief need not be an IT specialist, but should have close working relationships with several on staff, and should have dealt with the challenges of selecting, implementing and applying technology.

Leading practitioners understand the common implementation and adoption challenges that accompany these complex technology solutions and manage beyond them. They set clear objectives for IT deployments, communicate them throughout the organization and plan and keep deployments

on schedule. They also know how to manage relationships with third-party logistics providers by establishing processes and systems to guide those relationships.

FINDING THE TALENT

Just as there is no one-size-fits-all supply chain executive, there is no consensus on where to find great supply chain leaders. At Spencer Stuart, we look for supply chain executives in both traditional and non-traditional positions and industries.

First, we look at the trailblazers: the companies with the executives who have mastered global integrated supply chain management over the past 30 years. Second, we consider global transportation, logistics and consulting firms. Their leaders grasp the global nature of the business and are among the best industry thinkers. Third are nontraditional internal candidates from the organization's general management ranks who possess the needed strong cross-functional background, financial experience and hands-on operational management skill. These internal leaders are sometimes overlooked, but shouldn't be. Last, but not least, we recommend that companies develop their own internal supply chain talent. Putting high-potential supply chain executives in rigorous training programs and exposing them to more of the company leaves organizations better equipped to meet both their current and future supply chain needs — and can also promote the spread of a supply chain culture throughout the organization.

POSITIONED FOR THE FUTURE

The world of supply chain has changed dramatically over the past decade. Companies increasingly are looking for superior supply chain management executives who will ultimately be accountable for profitability. The position has grown from a functional responsibility to a larger role that drives organizational financial strategy with a profound impact on

company strategy and success. Companies that hire or develop supply chain executives possessing the five critical characteristics — global orientation, operational excellence, leadership, strategic thinking and technological savvy — position themselves for success as they seek to add value through effective supply chain management.

ABOUT SPENCER STUART

Spencer Stuart is one of the world's leading executive search consulting firms. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements. Through 51 offices in 27 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments. For more information on Spencer Stuart, please visit www.spencerstuart.com.

SUPPLY CHAIN PRACTICE

Spencer Stuart's Supply Chain Practice has a global team of experienced consultants who conduct over 250 searches a year for companies ranging from industry-leading multinationals to medium-size and venture-backed firms, across all major industries. Our areas of expertise include:

- > Enterprise supply chain leaders
- > Planning (demand/forecast and production)
- > Sourcing and procurement
- > Manufacturing and operations
- > Inventory management
- > Logistics
- > Transportation
- > Warehousing
- > Distribution
- > Customer service

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