PROF. DR. KAI HOBERG

WHO IS MANAGING OUR SUPPLY CHAINS?
OVERVIEW RESEARCH PROJECT
EXECUTIVE SUMMARY

While managers in traditional functions focus on developing strong expertise to become “specialists” in their own discipline, supply chain managers are different animals: They have to possess deep cross-functional understanding of various business fields, strategic decision-making and communication skills as well as strong analytical and IT skills in order to manage the manifold tasks they are facing on a daily basis.

Although the globalization has increased the complexity of the supply chains, companies are facing a significant undersupply of talent as indicated by thousands of SCM job offers on online job platforms. Surprisingly at the same time, little is known about the persons responsible for managing our supply chains due to the lack of scientific research on that topic.

We at the Kühne Logistics University pursue a two-year empirical research in cooperation with McKinsey & Company to gain in-depth knowledge about supply chain managers, i.e. career patterns among them, their success factors and the perception of the SCM function within companies and finally the status-quo of supply chain talent development.

In order to gain research insights we use a mix of surveys, interviews and secondary data. Based on the study we hope to provide valuable implications to the supply chain community. Those could be guidelines for young SCM professionals to succeed in their career, recommendation for companies to select future employees or ideas for company-internal talent development programs.
THE TOP-MANAGEMENT OF SCM AND LOGISTICS IDENTIFIED TALENT DEVELOPMENT AS CRITICAL ISSUE

“Planners often have long experience, but lack of exposure to best practice”

“We have not defined career paths in supply chain management – how can we retain the talent?”

“We do not build enough internal capability on supply chain management”

“HR does not know what supply chain management is and cannot help me to find the right talent”

“It is hard to get the right talents from universities”

“My board does not understand what we do and what our problems are”

PROF. DR. KAI HOBERG | WHO IS MANAGING OUR SUPPLY CHAINS?

Source: KLU-McKinsey Research Project “Who is Managing our Supply Chains?”, SC Executive Interviews
Motivation

“Although a clear picture of the new supply chain leader exists – a strategic decision-maker with deep cross-functional expertise, strong customer and supplier relationships, a global mindset and demonstrated success as a “change agent” – the supply chain’s growing complexity and value to an enterprise raises the ante in the search for operating leaders.”

“A New Acid Test for Supply Chain Talent Management”, Korn/Ferry Institute, p. 1.

“A focus on mechanics, literal or figurative, misses what has become the critical differentiator in supply chain performance today: leadership. **Having the right leaders in place with the key skills and competencies required** to transform the supply chain into a real difference-maker for revenues and profits has become the number one factor that sets top supply chain performers apart from the competition.”


“The SCM community is putting a lot of effort into finding and developing career-minded individuals, but it also has to rely on human resources (HR) departments to create effective employment programs. Are these HR practitioners up the task?”


“Supply chain faces a severe shortage of talent at a time when the demands on the profession have never been greater. Globalization, market uncertainty, shifting demographic patterns, and the emergence of supply chain as a strategic function are some of the factors that are driving the skills shortfall.”

...AS INDICATED BY THOUSANDS OF SCM JOB OFFERS...

Job offers in job portal Stepstone in Germany

<table>
<thead>
<tr>
<th>Search Item</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Analyst</td>
<td>1.861</td>
</tr>
<tr>
<td>Supply Chain Spezialist</td>
<td>1.808</td>
</tr>
<tr>
<td>Supply Chain Planer</td>
<td>1.188</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>1.146</td>
</tr>
<tr>
<td>Supply Chain Manager</td>
<td>572</td>
</tr>
<tr>
<td>Produktionsmanager</td>
<td>114</td>
</tr>
<tr>
<td>Einkaufsleiter (Head of Procurement)</td>
<td>95</td>
</tr>
<tr>
<td>Produktionsingenieur (Production Engineer)</td>
<td>85</td>
</tr>
<tr>
<td>Produktionsplaner</td>
<td>48</td>
</tr>
<tr>
<td>Einkaufsmanager (Procurement Manager)</td>
<td>44</td>
</tr>
</tbody>
</table>

Considerably more vacant job positions in SCM than in production or procurement.

Source: KLU analysis on October 17th, 2012, at www.stepstone.de
Limited Knowledge of SC Managers

“How did supply chain managers arrive in the position they have?”

“How is the academic background of supply chain managers?”

“How can companies develop and retain their SCM talents?”

“Are certain industries better suited to launch a successful SCM career than others?”

“What working experience do they have? Did they switch over from other functions?”

“What are the cross-functional skill sets required to manage their tasks?”
IN THIS RESEARCH WE WILL ADRESS A SET OF FIVE KEY QUESTIONS

Overview Research Questions

- What are the career patterns of supply chain managers and what do these patterns imply?
- What is the perception of supply chain managers' function within the companies and how can they bridge the gap to other functions?
- What are the success factors of supply chain managers within the firm and how can they advance their careers?
- What are the career opportunities of supply chain managers based on HR ideas?
- How should supply chain talent programs within a company be set up to develop and retain their employees?
TO GAIN RESEARCH INSIGHTS WE WILL USE A MIX OF SURVEYS, INTERVIEWS AND SECONDARY DATA

Overview Data Sources

Secondary Data
- Limited effort in data gathering as data is readily available on the internet
- Data available for wide range of companies and industries

Survey
- Survey design (online/offline) can be fully customized to research questions
- Larger sample size compared to surveys

Interviews
- Interviews can be fully customized to research questions
- Additional insights gained and relationships built up in personal interaction
Accordingly we have divided our work into three sub-projects over the next two years.

### Overview Sub-Projects

#### A: Career Patterns of Supply Chain Managers
- Gather and analyze data provided by social network “XING”
- Finalize emerging research question
- Generate hypotheses and design online survey accordingly
- Conduct online surveys with SC managers - distribution of questionnaire link to McKinsey contacts
- Summarize survey results and deepen key findings through structured interview with 30 supply chain managers
- Identify career patterns among supply chain managers
- Derive conclusions from findings to suggest successful career paths for future SC managers

#### B: Success Factors of Supply Chain Managers in the Firm
- Design questionnaire and conduct online survey
- Collect opinions about success factors like soft skills (decision-making, interpersonal communication, …) and hard skills (IT-knowledge, academic background) and the perception of SCM in the firm
- Distribute survey link to supply chain managers and other functional department (marketing, controlling, sales, …)
- Validate findings by conducting structured interviews
- Gather information about the options on success factors of SC managers and the different perception about SCM within a firm
- Derive recommendation for development of supply chain managers

#### C: Supply Chain Talent Development
- Conduct interviews with HR managers about existing SC talent/trainee programs and common selection process for supply chain managers
- Use findings of sub-project A and B to propose adjustments of talent programs and selection methods to companies
- Further option: Donate annual award for the best supply chain talent development program
- Gather insights about existing talent programs
- Advise companies how to select, develop and retain their supply chain talents

Sub-projects are executed in parallel to gain mutual benefits from interviews and surveys.
WE GATHERED MORE THAN 1.500 CVs OF SUPPLY CHAIN MANAGERS AND WILL INVESTIGATE PATTERNS AMONG THEM

### Career Pattern Analysis

#### Approach
- Collection of more than 1.500 CVs of SC Managers from various sources
- Coding of functions, hierarchical levels etc. in order to make careers comparable
- Application of optimal-matching analysis, a renowned scientific method for sequence analysis

#### Expectations
- Individual career paths differ but can be clustered to several patterns
- Clusters differ in sizes and career slopes
- Some functions and industries are more qualified to launch a steep career than others

#### Conclusions
- Graduates or young professionals can steer their SC career by choosing the “right” industry or functions
- Companies can enhance their hiring decisions, e.g. by distinguishing applicants based on their previous career paths

### Sub-Sample Head of SCM
- Average career tenure to executive position is shorter for former consultants than other starting functions
- Many transitions from Logistics to SCM observable

![Graph showing career patterns and transitions]
WE WILL SURVEY SUCCESS FACTORS AND PERCEPTIONS OF THE SCM FUNCTION ACROSS COMPANIES & DEPARTMENTS

Success Factors: Sample Questionnaire

Perception SCM: Example Question & Outcome

Q  Is SCM a key function in your firm?

Perception SCM

Perception other Dept.

Conclusions

- Opinions on crucial soft- & hard-skills and other success factors from supply chain managers will be gathered
- Insights will be shared with HR managers to compare views from inside and outside
- Based on a desirable number of 200 responses we can create a ranking of the most important success factors
- Gathered insights are a valuable for both, companies and employees:
  - Companies: HR learns which skills should be addressed by exercises in their assessment centers
  - Employees: They understand which skills they should improve

- Different perceptions as source for cross-functional problems
- Interpersonal communication issues among different departments
Interview Approach for SC Talent Development Research

- Interviews to be conducted to gain deeper insights into talent management at major companies and deepen relationship with key senior managers (HR & SCM)
- Interview guide to be defined to ensure coherent approach for all interviewees

Potential sample questions to SCM:
- Do you frequently receive further education (workshops, coachings etc.)?
- Do you feel well-supported by your employer to constantly develop your talents?
- What could be improved in your SCM talent management process?
- Is there a dedicated job rotation problem?
- …

Potential sample questions to HR:
- What are the key criteria (academic background, grades, soft skills etc.) when you select future SCM employees?
- How do you further develop the SCM talents in your firm?
- How do SC managers respond to internal educational programs?
- …
IN ADDITION WE WILL CONDUCT RESEARCH ON RELATED TOPICS, e.g. INCENTIVES ALIGNMENT AND SALARY DISTRIBUTION

Related Research Projects

Impact of Financial Incentives on Conflicting Objectives in the Firm

Min. Sourcing cost!

Max. Lot sizes!

Min. Inventory!

Max. Revenue!

Procurement

Production

Planning

Sales

Average annual salary, considering function, personnel responsibility and education

Function: Logistics

<table>
<thead>
<tr>
<th>Personnel Responsibility</th>
<th>Non-graduates</th>
<th>Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without</td>
<td>31.65€</td>
<td>39.85€</td>
</tr>
<tr>
<td>With</td>
<td>40.42€</td>
<td>56.88€</td>
</tr>
</tbody>
</table>

Function: Supply Chain Management

<table>
<thead>
<tr>
<th>Personnel Responsibility</th>
<th>Non-graduates</th>
<th>Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without</td>
<td>45.62€</td>
<td>56.49€</td>
</tr>
<tr>
<td>With</td>
<td>74.87€</td>
<td>84.27€</td>
</tr>
</tbody>
</table>
There are career patterns among (successful) supply chain managers existing

Internal perceptions of SCM differ in a company

Many factors are crucial to achieve a successful career in SCM

Young SCM professionals are interested to develop their talents constantly (Generation Y)

Graduates and young professionals get an idea what they have to do in order to increase their chances for a successful career in SCM

Companies and employees need to balance the perceptions of tasks and functions of their colleagues

Managers need to work on improving their skill sets

Companies need to invest in talent development programs to retain their high-potentials and win the “war for talent”
Potential Publications

- First insights will be published in relevant practitioner journals, e.g. „Logistik heute” or “LogKompass”

- McKinsey to publish findings in their “McKinsey Quarterly” magazine

- Further output will be submitted to advanced academic journals, e.g. “HBR” or “SCMR”

- Finally, detailed scientific findings will be submitted to Journals like “Journal of Operations Management” or “Journal of Business Logistics”

- Potential for book to be discussed
WHO ARE THE KLU RESEARCHERS?

Prof. Dr. Kai Hoberg

- Professor of Supply Chain and Operations Strategy at Kühne Logistics University since 2012
- Ass. Prof. at University of Cologne, visiting scholar at National University of Singapore, Cornell University and Israel Institute of Technology,
- 3.5 years project manager and strategy consultant in the Operations Practice
- Dr. rer. pol. at Münster University in supply chain management
- Current research interests: Application of empirical data in supply chain management, inventory management, interface operations / finance

Dipl.-Kfm. Christoph Flöthmann

- PhD student at Kühne Logistics University since September 2012
- Diploma degree in Business Administration from University of Cologne with majors in Supply Chain Management, Finance & Transport Economics
- Internships with OSCAR Student Consulting GmbH, Bayer MaterialScience AG and DB Schenker AG in Germany and Indonesia
- Current research interests: Empirical research on talents managing supply chains
MCKINSEY & CO. SUPPLY CHAIN EXPERTS SUPPORTING THE PROJECT

Dr.-Ing Knut Alicke

- Responsible for the service line on operational logistics and global networks and dean of the McKinsey supply chain academy program.
- Honorary Professor at the Department of Supply Chain Management and Management Science at the University of Cologne.
- PhD at the Institute for Conveying Technology and Logistics at the University of Karlsruhe (TH) and Habilitation at the Department of Mechanical Engineering.

Dr. Johan Lundin

- Supply Chain Expert at McKinsey & Company, Inc. in Stockholm, Sweden
- Eight years of experience from supply chain management related engagements in the domains of strategy, network optimization, lean distribution/warehousing, and demand/supply management.
- PhD at Lund University, Sweden and visiting scholar at Georgia Tech University, USA
PLEASE ALSO VISIT OUR PROJECT WEBSITE

wimosc.the-klu.org

Blog

In our blog we would like to keep you updated about our progress as well as provide wrap-ups of recently published articles addressing our research topic.

Should I stay or should I go?

Careers of supply chain managers are not always straightforward: often managers change positions or even companies to advance their careers. The question “Should I stay or should I go?” is not only a famous song of the rock band “The Clash,” but also the title of a recent article published in the journal “Supply Chain Quarterly” of the “Council of Supply Chain Management Professionals” (CSCMP). In the article, Timothy Stratman – an experienced executive coach – deals with seven considerations and recommendations for a sophisticated decision whether you should stay with your current company or switch to another one.

His seven-rule list features:

- Go if it will help you grow
- Fill your gaps. Protect your legacy
- Know what jobs are in the pipeline
- Be open to change
- Don’t be a “job hopper”
- Can’t be competitive
- Stratman also provides six questions in case you decided to leave your company. Since any supply chain manager might face this decision during his career, this article is definitely worth to read.

Go to article

Comments 0
Tags: career, jobs
FOR FURTHER QUESTIONS PLEASE FEEL FREE TO CONTACT US

Contact Details

Christoph Flöthmann
Ph.D. Candidate
Kühne Logistics University – The KLU
Wissenschaftliche Hochschule für Logistik und
Unternehmensführung
Brooktorkai 20
20457 Hamburg
Tel.: +49 40 328707-302
Fax: +49 40 328707-209
E-Mail: Christoph.Floethmann@the-klu.org
Website: www.the-klu.org

Prof. Dr. Kai Hoberg
Professor of Supply Chain and Operations Strategy
Kühne Logistics University – The KLU
Wissenschaftliche Hochschule für Logistik und
Unternehmensführung
Brooktorkai 20
20457 Hamburg
Tel.: +49 40 328707-276
Fax: +49 40 328707-209
E-Mail: Kai.Hoberg@the-klu.org
Website: www.the-klu.org