Supply Chain Talent Crisis Looms

Supply chain executives are worried about a weak talent pipeline. That's a problem CIOs know well, and can work together with them to solve.

At a time when the supply chain function is growing in importance to organizations, its leaders are worried they don't have the right talent to meet their quickly evolving needs. That's a problem not just for operational executives, but also for the CIOs with whom they are partnering to transform their supply chains through the implementation of emerging technologies and business processes.

In fact, just 38 percent of supply chain executives were confident their people have the required competencies today, according to Deloitte's third annual supply chain survey. When asked about their needs five years from now, only 44 percent of executives said they were confident they'd have the skills they required.

Years of headcount reduction, training budget cuts, and the retirement of highly skilled individuals have all contributed to the shortage of supply chain talent. At the same time, a combination of accelerating technology development and widespread experimentation with new operating models are expanding the scope of supply chain operations, creating a demand for new types of supply chain employees—a trend that is only expected to accelerate in the future. "Margins are so thin in many industries that any technology or operational change that can provide a competitive advantage—whether its 3D printing or advanced analytics—is critical. And those capabilities are inherently dependent on talent," explains Kelly Marchese, a principal and supply chain leader with Deloitte Consulting LLP.
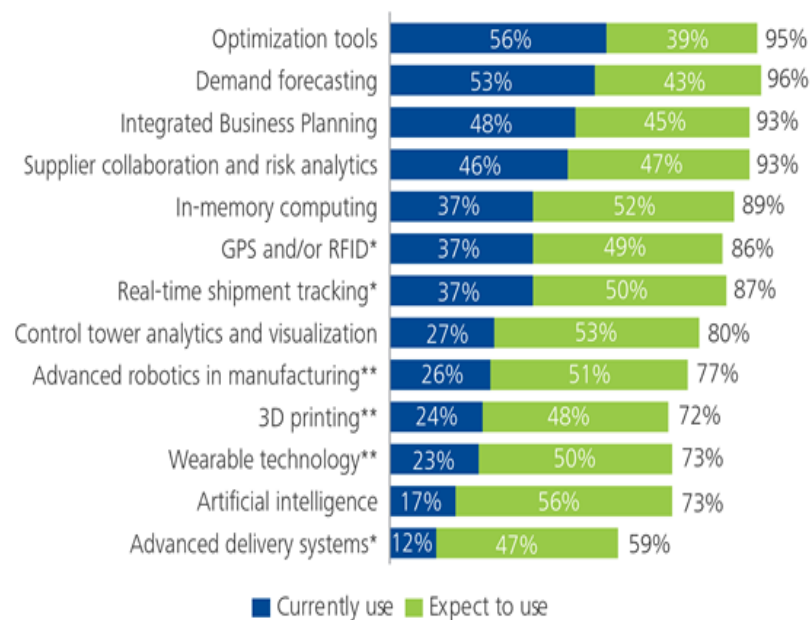
A Cutthroat Technical Skills Market

The Deloitte supply chain survey tracked 13 fast-evolving technical capabilities, ranging from real-time shipment tracking to artificial intelligence. For all but one, more than 70 percent of executives said either their companies currently use them or they expect to in the future, with optimization tools and demand forecasting the most widespread.

It's no wonder supply chain leaders are concerned about recruiting and retaining related technical skills. They're competing not only with other supply chain organizations for that talent, but also

with other functions in their own organizations—chiefly IT. "If you look at supply chain and technology, they're two of the most strained areas of talent in the whole corporate ecosystem," says Benjamin Dollar, a principal with Deloitte Consulting. "You need to have strong technology skills in supply chain, and CIOs increasingly need to enable sophisticated problem-solving within the supply chain. And neither one can do it with the people they have now."

Supply chain managers are looking to science, technology, engineering, and math (STEM) graduates to fill new supply chain roles—but it's a tough sell. "Most supply chain leaders would love to hire engineering grads from top schools, but a job in the supply chain at a manufacturer is pretty low on their list," Dollar says. "There's not enough sex appeal."

Figure 1: Use of Supply Chain Capabilities

Capability	Currently use	Expect to use	Total
Optimization tools	56%	39%	95%
Demand forecasting	53%	43%	96%
Integrated Business Planning	48%	45%	93%
Supplier collaboration and risk analytics	46%	47%	93%
In-memory computing	37%	52%	89%
GPS and/or RFID*	37%	49%	86%
Real-time shipment tracking*	37%	50%	87%
Control tower analytics and visualization	27%	53%	80%
Advanced robotics in manufacturing**	26%	51%	77%
3D printing**	24%	48%	72%
Wearable technology**	23%	50%	73%
Artificial intelligence	17%	56%	73%
Advanced delivery systems*	12%	47%	59%

■ Currently use ■ Expect to use

* Manufacturing and retail respondents only
** Manufacturing respondents only

Source: Third Annual Supply Chain Survey, Deloitte, 2015

Looking for Leaders

While a large majority of survey respondents (73 percent) said it was extremely or very important to hire employees with the required technical competencies in order for their company to meet strategic objectives, even more (79 percent) said leadership and professional competencies (such as problem-solving, change management, and talent development) were extremely or very important. Strategic thinking and problem-solving were deemed most critical in the future with 74 percent of respondents saying it would be rising in importance. But just 43 percent say they are very good to excellent at it today.

That may be an even bigger challenge for supply chain executives than locating technically skilled professionals. "You can at least take a class in analytics," says Marchese. "Leadership characteristics take more time to develop."

Figure 2: Wanted: Leadership Capabilities

Leadership and professional competencies of company's employees; current performance versus expected change in importance

Competency	Excellent/very good	Will become more important
Ability to negotiate and collaborate with value chain partners	51%	64%
Ability to collaborate across functions	47%	68%
Ability to drive or support diversity and inclusion	47%	54%
Strategic thinking and problem solving	43%	74%
Ability to manage global/virtual teams	43%	65%
Ability to persuade and communicate effectively	42%	65%
Leading and developing others	41%	66%

■ Excellent/very good ■ Will become more important

Source: Third Annual Supply Chain Survey, Deloitte, 2015

CIOs and COOs: A Talent-Sharing Opportunity

"A lot of what's driving the supply chain talent problem is the need to implement new technologies, and that's an issue for both the COO and the CIO," says Marchese.

Indeed, CIOs have a vested interest in helping their supply chain peers strengthen their talent pipelines. "One of the biggest challenges is the interface between IT and the supply chain or business. What goes on in (a company's) plants or distribution network is often remote from what goes on in the IT organization," says Dollar.

But to be successful in the future, IT and supply chain must be closely aligned. "You have to create an operating model in which the supply chain can make it clear what its requirements are and IT can show the supply chain the art of the possible," says Dollar. "To do that successfully, you need a mix of strong supply chain talent combined with advanced technical skills."

CIOs are facing similar technical and leadership skills gaps as their supply chain brethren—but they have years of experience dealing with that situation in a rapidly evolving technology environment. There's an opportunity for IT leaders to impart their experience finding and retaining scarce talent—and also share the talent itself.

Smart IT and supply chain organizations will share scarce resources rotating top talent back and forth between operations and technology to infuse those professionals with both technology understanding and operational acumen, says Dollar. Those kinds of rotational programs can be a

win-win because it keeps these in-demand professionals engaged as well. "That type of talent doesn't want to sit too long in one place anyway," says Marchese.

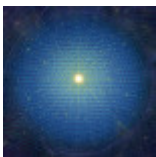June 25, 2015, 12:01 am

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