



TALeNT STRATeGIES

Bridging the Gap between HR and SCM

By Jim Rice and Ken Cottrill

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There is much debate in supply chain management (SCM) circles about how the profession can meet the demand for talent. 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?

Because they support every corporate discipline, in many organizations HR managers only have a rudimentary knowledge of the supply chain domain. This may be acceptable where the function has been a marginal activity. But as SCM takes on core responsibilities—as is the case in a growing number of enterprises—personnel in HR require a deeper understanding of the roles and responsibilities associated with managing supply chains.

What expertise do these managers need to help SCM attract top notch professionals? How can they become more actively involved in finding solutions to broader supply chain talent management challenges?

Dedicated Decisions

The nature of the relationship between HR and operations departments depends, to a large extent, on the relative importance of SCM within the organization. Enterprises that cast the function in a strategic role are more likely to devote the necessary HR resources to SCM. Some companies, in fact, have HR professionals or teams whose primary responsibility is to recruit and develop supply chain talent.

"If you are going to play in global markets you have to understand supply chain; that's when you need to focus on it and to dedicate resources to it," says the head of talent management at a leading manufacturer of machinery.

Global growth is a high priority for her company, which has embarked on a supply chain

transformation project to support its overseas expansion. As part of the strategy, the enterprise created a global talent management position. "My role is only going to expand. It will become more global, and we will need a much higher level of expertise in specific areas of supply chain," says the talent management executive.

The vice president of HR in a well known fashion apparel company has a direct report to a senior supply chain executive. As she points out, the company needs SCM-specific HR support because "there are so many moving parts and so many things changing all the time. If you have multiple areas to support, it's very tough, difficult to keep your focus." These dedicated managers—HR personnel whose main job is to work with supply chain leaders—are uniquely well placed to assess what skills their profession needs to maintain an effective talent pipeline for SCM.

Muddled View

The HR profession in general needs to address its lack of clear understanding of what SCM actually does and what contribution it makes to the enterprise. Given the supply chain's rapid evolution over recent years, it is understandable that this knowledge gap had widened. As more corporate disciplines have moved under the SCM umbrella, it is difficult enough for insiders to keep track of which roles and responsibilities fall within its remit.

The long—and ever growing—list of SCM job titles covers numerous specializations such as business continuity, commodity management, customer service, distribution, logistics, planning, procurement, risk management, sourcing, and transportation. The Institute for Supply Management lists more than 30 job titles just within the supply management area.

Decomposing these titles into required skills sets leads to even more confusion. An individual

engaged in manufacturing might need materials planning capabilities whereas transportation managers are expected to have a different kind of planning expertise, for example. Further, by definition supply chain is a bridging function that interconnects with virtually every other discipline. Throw in changing skills demands and new responsibilities such as sustainability, and it is not surprising that many HR managers are perplexed by SCM's career profile.

Such uncertainty can make it difficult to analyze resumes and ask searching questions that enable recruiters to properly assess a candidate's suitability for a position. Also, a lack of clarity is a major handicap when trying to keep up with what competencies SCM personnel need. This is particularly the case when the organization goes through substantial change.

Take, for example, the multi-billion machinery manufacturing company that is realigning to make the organization more supply chain centric. HR staff members are being reallocated to supply chain assignments as part of the strategic shift. One manager was recently brought out of the plant and "is now helping to support supply chain manufacturing and purchasing from a talent management perspective," explains the head of talent management. "At least once a week he is still asking me: 'How is purchasing a part of supply chain now? I still don't understand it; it's quite different, different skills,'" the talent executive says.

How SCM fits into organizations is a gray area for many HR managers. A Supply Chain Professional Development Manager at a heavy equipment manufacturing company believes that the HR folks may understand supply chain as a "buzzword" that is "associated with a traditional function such as logistics, purchasing, or manufacturing."

Introduce a global dimension to the professional profile and the definition of supply chain becomes even blurrier. HR managers have to consider candidates with expertise in regional factors such as variations in tax codes and the quality of infrastructures, in addition to the requisite operational capabilities.

Further, the type of expertise required changes with the nature of the overseas venture. The fashion apparel company is acquiring a company in South Korea, for example. The supply chain practitioners it needs during the initial phase of the acquisition are not the same as those it will employ as the venture matures. When the transitional phase is over and the acquired company is operating as part of the parent group, its SCM practitioners will be dealing with a different set of challenges. HR professionals need to be aware of these nuances, and have the ability to reallocate and/or hire operational staff accordingly.

Different Schools of Thought

The recruitment process can be fraught with uncertainty for HR managers who do not have a firm understanding of how supply chain functions. One of the most important sources of talent is university campuses. Over the last

decade or so the number of schools offering supply chain programs has increased markedly. Establishing relationships with these institutions is a key element of company hiring strategies.

However, HR personnel who are not familiar with SCM and associated employment demands may not be aware that these institutions tend to offer programs oriented towards certain areas of expertise. There are programs that focus on procurement, international logistics, and broader business issues, for instance. Academia does not make the task any easier by giving these programs an assortment of titles including logistics, supply chain, and transportation, and housing them in a variety of departments within schools.

HR managers who fail to appreciate these distinctions are less likely to identify and hire the best candidates. And if their knowledge of SCM is vague to begin with, they may not be able to ask the right questions in order to ascertain exactly what types of recruits they should be looking for.

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There is culpability on the other side of the desk as well. Supply chain leaders are not always clear on precisely what skills and/or individuals for specific positions within their departments. And they may or may not give deep thought to what career paths should be in place for their staff members. The lack of clarity can be particularly troublesome for HR managers when it comes to international appointments. How many senior supply chain executives have given HR personnel a thorough briefing on the differences between running a supply chain in India vs. China, for example?

Bridging the Gaps

If HR professionals are to play a central role in helping to develop and manage a supply chain talent pipeline, they need a firm grounding in how the function operates and meshes with other disciplines.

HR managers can learn about SCM by, for example, visiting a distribution center or attending operations meetings. Employers could offer formal instruction on what managing a supply chain entails. As an HR executive notes, managers in HR do not need a supply chain degree, but sufficient training "just to understand what supply chain is, what it does, and the contribution it makes."

Authors note: The MIT Center for Transportation & Logistics plans to publish a white paper on HR's role in supply chain talent management as part of a Forum planned for later this month. Contact the authors for more information.