



Three Questions that Define the Leadership Debate

This issue of SCMR introduces a new column that examines the challenges of identifying, developing, and retaining the talent needed to run a successful supply chain—and the keys to building a successful career. "Talent Strategies" is written by experts on professional development from MIT's Center for Transportation and Logistics.

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Leadership in supply chain management has become a hot topic over the last few years. Many supply chain executives visit the MIT Center for Transportation & Logistics (MIT CTL) for recruiting, executive education, and other reasons, and it is a rare meeting where the topic of leadership (or really the lack thereof) does not come up. The issue usually surfaces in side conversations where supply chain executives lament the shortage of individuals in their organizations who possess leadership skills, both "hard" and "soft." From our discussions it's clear that regardless of their industry, geography, or size, these executives are basically seeking answers to three key questions.

Three Leadership Questions

The conversation usually opens with the question: ***Can leadership be learned or is it an inherited trait?*** Is there a leadership gene that enables certain individuals to be more effective leaders than others in all situations? Most executives I know agree with me that this is not the case and that leadership skills certainly can be learned. (It would be a very sad world indeed if this were not true.) If leadership was truly defined at birth, then companies should be recruiting their future leaders from kindergartens instead of grad schools.

The conversation then moves to the second question: ***While leadership can be learned, can it actually be taught?*** The argument is that a person can only acquire leadership skills through the scars of long experience. Surely, you cannot teach how to be a leader in the classroom or out of a textbook?

On this question I tend to both agree and disagree. I agree that you cannot learn leadership solely from a book, but disagree that it cannot be taught. At MIT CTL, we have found that the best way to teach leadership is also the best way to teach practically any other topic—through hands-on, interactive, and engaging exercises. In other words, you can get some of the required leadership experience in a controlled environment. For example, you do not need to spend two years of your life working under a poisonous manager to understand how to lead in a dysfunctional team.

These are the two easy questions. The third question is more difficult: ***What, if anything, is special about supply chain management leadership?*** Isn't leadership in one business setting the same as in any other?

There's some truth to this. A great leader in a manufacturing plant will probably perform just as successfully in a distribution center. But, this is not the whole story. I believe that the evolving definition of the supply chain function within a firm has expanded the role so far from its original requirements that the technology, processes, and, most importantly, the people in the profession are still playing catch up.

This evolution from physical distribution to logistics to supply chain management is at the root of why we are becoming more focused on the leadership issue. It is a matter of where the profession came from and where it is heading. The skills that constituted leadership in a silo-ed logistics organization might not be sufficient (or even desired) in a more expansive supply chain role.

The evolution of supply chain management from a silo-ed, largely technical function has been discussed often. But it bears repeating. Most current senior supply chain leaders grew up in organizations where the focus was functional expertise within independent operations. The technology tended to be tied closely to functional requirements and employed intricate optimization within that area. The most important skills tended to be technical. And the leadership style, by and large, was direct or command-and-control because most organizations followed a hierarchical reporting structure.

Compare this to the current situation where the most pressing technology needs are visibility across functions, geographies, and companies. One of the most desired skills is the ability to coordinate across multiple entities. Thus, the ability to influence decisions through indirect or soft skills becomes paramount. The traditional hierarchy is no longer there. The most critical stakeholders in your supply chain no longer report to you; nor do you report to them.

The Critical Capabilities

So the supply chain role has changed and so have the rules. Leadership skills need to change with the scenery. This brings us back to the four key capabilities that, I believe, make supply chain leadership different from most business functions. These are having a global perspective, being able to use soft leadership skills, retaining strong technical capabilities, and practicing relational leadership. Let me talk about each in turn.

Global Perspective. Most companies these days have some operations within their supply chains that are spread across the globe—whether it is manufacturing in the Pacific Rim or distributing into Latin America. Supply chain managers need to understand the cultural and other characteristics of the regions in which they operate. Additionally, supply chain managers need to be able to create and maintain a corporate culture that can be embraced by various regions. This goes beyond the timing of global conference calls to accommodate different time zones to understanding how different perceptions can impact operational performance.

Soft Leadership Skills. When discussing business failures with different executives, I always try to find out the root causes of these breakdowns. I very rarely find that the cause of a failed project or initiative is that the optimization did not converge or the simulation did not run. Instead, failure usually lies in a lack of communication, the absence of buy-in from the right VPs, or the improper setting of expectations—in other words, poor “soft” leadership skills. Too often a supply chain expert assumes that the outcome of his or her model will speak for itself and convince everyone to take a specific action. This is rarely the case. I have witnessed several situations where an executive who could have

been a strong ally to a change management project became an enemy simply because he or she was not asked to provide input into the decision-making process.

Strong Technical Capabilities. Although this might seem contradictory to the previous point, supply chain managers do need to retain exceptionally strong technical skills. A supply chain manager who cannot explain basic inventory or transportation trade-offs will lack the credibility needed to convince the various stakeholders of any new initiative. Having the technical capability does not mean that you need to be the expert in every aspect nor does it mean that you should actually be doing all of the analysis. The best supply chain leaders know when to step in and when to stay out of the details.

Relational Leadership. Because supply chain leaders

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work across multiple functions within a firm, they need to have multiple leadership styles. And, they need to know when to use each of those. For example, in the classic sales and operations planning (S&OP) meeting, operations and supply chain executives are meant to work directly with the marketing and sales leaders. Yet it is hard to imagine two more different types of thinkers. Operations leaders tend to be action-oriented with some bias towards proof-based or analytical decision-making. The sales and marketing functions thrive more on “outside the box” type thinking.

Obviously, this is an over-generalization, but anyone who has participated in an S&OP meeting can attest to the differences between these two groups. To be effective, supply chain managers have to understand these nuances and shift their leadership style to match the audience. When in France, speak French. The leadership style used in the S&OP meeting will be very different from the one used in a meeting with, for example, key customers or a wayward supplier or an internal project team. In other words, the supply chain leader needs to be able to assess the audience and adjust his or her style accordingly to be successful.

So, to answer that third question I posed at the top: What is special about supply chain management leadership? I have found that supply chain management leadership is somewhat unique. Certain leadership skills that are “nice to have” in most positions are “must have” in any supply chain leadership role. Because supply chains are connected to all aspects of a firm, the supply chain leaders need to possess a larger set of leadership skills.