Wanted: More leadership in Danish supply chains

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DILF and researchers from the Department of Entrepreneurship and Relationship Management at SDU in Kolding each year conduct a number of mini surveys focusing on different supply chain management issues.

Respondents to these mini-surveys are voluntary senior managers from various Danish companies represented as the Danish Supply Chain Panel. This article presents the results of a mini survey which focus on management and leadership issues in the supply chains.
Introduction

The terms management and leadership are both used to address how to solve supply chain management issues and challenges. However, the two concepts do focus on different aspects of securing efficiency and effectiveness in organizations. Management is concerned with planning, budgeting, organizing, staffing, controlling and solving problems. To achieve better results, management strives to realize organizational efficiency along with effectiveness with the vision guiding and the mission driving. In contrast, leadership is a process that involves activities with motivating staff to achieve certain collective goals.

Supply chain leadership entails more than just supply chain management. It has focus on soft values – the soft wiring – in terms of staff nursing and organizational goals and requirements.

This article has set out to report on a mini-survey about management and leadership issues in supply chains. Within the last years, we have been witness to a perhaps absence of sufficient leadership efforts i.e. poor translation of number crunching to what that means in the daily work, performance measures that lacks connection to behavior; too high work-loads, being 24-7 connected and lack of communication which all may contribute to more stressed workforce.

The purpose of leadership is to provide direction and bring about change. A popular saying is that management appeals to the head whereas leadership appeals to the heart. In practice, it is not a question about either/or, but both/and. Some people are better at leadership than management and vice versa and some are champions at both. A leader may or may not be a good manager and a manager may or may not be a good leader (APICS, 2015).

Recently, the supply chain management literature has demanded more research on the behavioral side of supply chain management (i.e. the supply chain leadership nature) (Schorsch et al., 2017; Wieland et al., 2016).

The future of every supply chain organization depends on developing and retaining good supply chain leaders (APICS, 2015).

Management and leadership

The respondents have been confronted with ten management components and ten leadership components and been asked to evaluate each of this on a five-point Likert Scale their level of agreement (1 = very little agreement and 5 = very high level of agreement) to which these components are existing in their companies and how important they view each of the components.

As shown in Figure 1, for all 20 management and leadership components the averages scores for importance are higher than their perceived present scores. This indicates a development backlog. In general, the average score for the present level of management is higher than the present level of leadership (3.49 vs. 3.30), which indicates a higher focus on management task.

Finally, we are in a time with new young generations that perhaps to a higher degree demands leadership skills from their superiors. Thus, there seems to many good reasons to take a closer look on supply chain leadership issues.

The total average scores for importance counts to 4.01 for management and 3.99 for leadership which they believe that both have a high importance. Thus, there seems to exit a higher gap to be closed with leadership issues.

The top three scoring management practices are coordinating teamwork, planning and organizing, and bottom-line orientation. The highest gaps between current practice and perceived importance are within technology/system focus (3.04 vs. 4.04) and for reduced risks (3.23 vs. 3.91). The top three leadership score practices are direction setting, motivating and inspiring.

The highest gaps between current practice and perceived importance of the leadership components are present with people development (3.13 vs. 4.09), inspire (3.24 vs. 4.15), motivate (3.39 vs. 4.08) and direction setting (3.52 vs. 4.35).
Supply chain leadership performance

The respondents have been asked to evaluate to which degree their company perform within six supply chain leadership performance areas. From Figure 2, we could see that the highest average score (3.57) is concerned with involving the supply chain staff to improve supply chain problems. It seems like a continues improvement culture has been settled in the companies.

However, an adjacent leaderships skill such as demanding different perspectives on problem solving is only obtaining an average of 3.20. In general, the average scores center 3 (to some degree) which indicate room for improvements. It’s not a feeling of excitement when looking at these average scores.

Supply chain followship performance

Supply chain followship may not be understood as the antithesis of leaders (Defee et al., 2009). Followship means that all can be leaders; some must be followers and they are playing important roles towards making organizational success.

Figure 3 shows the averages scores on various supply chain followship performances reported by the Danish Supply Chain Panel. The highest average scores are that one who works hard to support the supply chain leader’s goal (3.48). This result indicates a certain loyalty towards achieving supply chain goals, which in facts also may mean that such goals are known. Furthermore, there seems to be some commitment to make the supply chain successful with an average score on 3.40. However, the remaining six listed supply chain followship measures scores mean values around 3 indicating possibilities for making some improvements here.
Does your supply chain quantify the value it provides?

One thing is to have a perception whether the supply chain really delivers value to organization. Another thing is to quantify the value that is being delivered.

Figure 6 contains the results on statements about quantifications. The highest average is obtained for translating supply chain metrics to financial metrics with a score on 3.38. So some activities take place here but there is room for improvements.

This also the case for avoiding using performance metrics that are not relevant boring with an average score on 3.26. There seems to be a development task in tracking benefits delivered by the supply chain which e.g. can take place in a supply chain annual or quarterly report. The low score for such reports (2.38) might exist due to lack of resources dedicated towards such activities.

Supply chain delivering exceptional value

The panel members have also been asked regarding their perceptions about whether their supply chain delivers exceptional value.

As shown in Figure 5, the highest average score is a perception that the supply chain has become a valued and trusted business partner with a score on 3.79. This result indicates a consciousness in companies about the need for cross-functional integration and that the supply chain must take an active part in communicating their value deliveries in the daily business.

The three other statements about contribution to revenue growth, supply chain strategy alignment with corporate strategy and involvement in all relevant decisions obtain scores from 3.49 to 3.43 which indicate some emphasis here; but still with some development potential in place.
Excel at communicating the value SCM delivers beyond the SCM function?

The final area in this mini-survey is concerned with perceptions about how well the supply chain is communicating the benefits it creates. Figure 7 lists the averages scores on four statements related to this issue. Speaking a simple language obtains an average score 3.05 indicating that this could be improved. Communication skills direct the attention towards whether one can communicate in an understandable language across functions.

Sales are often stronger than the supply chain staff to communicate in an understandable language, perhaps because they are working with the core identity of the company and hereby have leverage to get their points on agendas (Stentoft et al., 2016).

Supply chain and product development staff can rapidly fall into the complexity trap with a detailed function specific language. The results in Figure 7 indicate improvement areas for supply chain staff in excelling in communicating the value it generates (i.e. the trade-offs that are being handles, delivering information at right level of detail and in developing ambassadors outside the supply chain function that can help the supply chain getting more visibility).

All these initiatives are mainly pointing towards supply chain leadership skills – a wanted areas that seems to be discovered in Danish supply chains.

This mini-survey has set out to report on a mini-survey about management and leadership in supply chains. The survey reveals that the scores of actual practices of management tasks is higher than leadership tasks – and that they for both elements mean that the importance is higher than their current level. The highest gap to be closed is for leadership.

The results indicate that we still live in a business environment dominated by key performance indicators appealing to management at the expense of a focus on key behavioral indicators (Stentoft et al., 2018a; Stentoft et al., 2018b, p. 214) appealing to leadership. Supply chain leadership mean values are just a little above 3.0. Also for supply chain followship there might be a development potential.

The survey identifies engagement in strategic thinking; big-picture communication skills and blended mix of soft and hard analytical skills being important for current and future supply chain managers.

Finally, there exists a perception among the panel members that their supply chains delivers’ exceptional value, but that they to a lesser degree can quantify it and even to a further lesser degree is able to communicate this value. This points also to some development potential for the companies.

However, as many of these mini-surveys in the Danish Supply Chain Panel has revealed there is, in general, a high recognition of the importance of the supply chain themes where gaps between their current practice and their objectives are reported.

The main challenge is to find the right time to close these gaps in busy workdays. A starting point is to be conscious about the need to make a difference which the present article might help.
References


