

For Supply Chain, Transformation Begins at the Top

Crisis is never welcome. But when it encroaches, the upheaval can usher in a period of transformation. For the Supply Chain Function, transformation will start at the top.

By Tankut Sensurucu, YaoSong Chen, and Benjamin Luepschen



Egon Zehnder gathered senior leaders from the Supply Chain function to discuss changes brought on by COVID-19 and how they plan to adjust in its aftermath. Over numerous sessions leaders discussed strategies and lessons learned and articulated a desire to embrace the opportunity for transformation. A consensus was clear: Supply Chain transformation starts with the personal transformation process of senior Supply Chain leaders.

How to start your own transformation?

A seismic shift has been under way in leadership paradigms, as traditional leadership concepts give way to more modern approaches. Frederic Laloux, author of *Reinventing Organizations*, proposes a revolutionary approach to encourage leaders to shift their reliance from the science of leadership to the art of leadership:

“Being a top executive is not fun anymore; too often extremely accomplished people feel insufficient, because they feel like they don’t have tools to deal with the complex leadership challenges of today... Organizations increasingly behave more like living organisms, with sophisticated networks, just like the human brain. Such sophisticated systems require an adaptive algorithm that pretty much self manages itself.”

Supply chain is generally the largest part of a business that resembles an army, from where most – now traditional – leadership concepts have originated. “Having been brought up in a hierarchical function like Supply Chain, it is not easy to invert the usual leadership pyramid where key decisions are made at the top,” noted one Supply Chain leader. “[Using] Hierarchy can be faster but does not create long-term commitment and impact. Giving up hierarchy requires continuous internal conversations with oneself.”

Setting Behaviors Rather Than Targets

The transformation conversation, leaders said, will span a wide range of topics. To start, leaders will need to think about setting behaviors, rather than targets. “Organizations are now too complex to manage from the top,” said one leader. “New paradigms require a new mindset. A new story needs to be developed and told.”

As expected, organizational transformation will demand a new communication style. Leaders will need to adopt ways to monitor and express the emotions of individuals as well as the organization. Traditional engagement surveys may not be effective enough to make that happen. “Use communication to drive engagement; not typical cascaded

communication, but uber-communication, to reduce complexity through transparency,” one leader urged.

Much of the transformation will be internal to the leaders. The discussions addressed the way leaders would need to shift from old habits and old ways of thinking. “Humility and the courage to say, ‘I don’t know,’ are key to change,” said one. “Global roles are there to fertilize ideas across the world, not necessarily to know everything. Transformation means moving leadership approach from *know it all* to *learn it all*.”

Creating Followership Through Purpose

Multi-dimensional, purpose led leadership requires leveraging all of one’s assets, identities and resources. Additionally, significant work will need to happen outside of the C-suite. Leaders must ensure the whole organization has the ability to transform, for example by creating freedom in a framework, which means “promoting values such as humility, learning, trust and people choices take center stage,” explained one leader. “Focus on defining problems rather than looking for solutions and enable people to experiment so that they can tackle complex business challenges.”

Leaders acknowledged that while the pandemic has brought the topic of leadership transformation into focus, the changes leaders must make are part of a larger cultural shift. We were already in the midst of a generational change in leadership in which different demands are placed on the leadership. “Servant leadership is essential to build success based on local initiatives. A hands-on approach is counter-productive when people want more space,” noted one leader.

The organization needs leaders who understand their wants and needs, said another. “Purpose, social cause, and business go hand-in-hand. Crisis is not desired, but favored leaders who wanted to get to know their teams, and get more personal with people.”

From Functional Leadership to CEO

Leaders predict transformation at the top will lead to other changes in the function and the role of Supply Chain in the larger community. A shift in the culture of the Supply Chain will have a ripple effect. “Supply Chain, as a revenue generator (rather than cost center), gets a different seat and voice at the leadership table” said one.

It is essential for Supply Chain leaders to find their *audacious* inner voice, to speak on behalf of the function they are set to transform, a practice that would better position them for the top job in the organization.



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