INTERIM RESEARCH REPORT
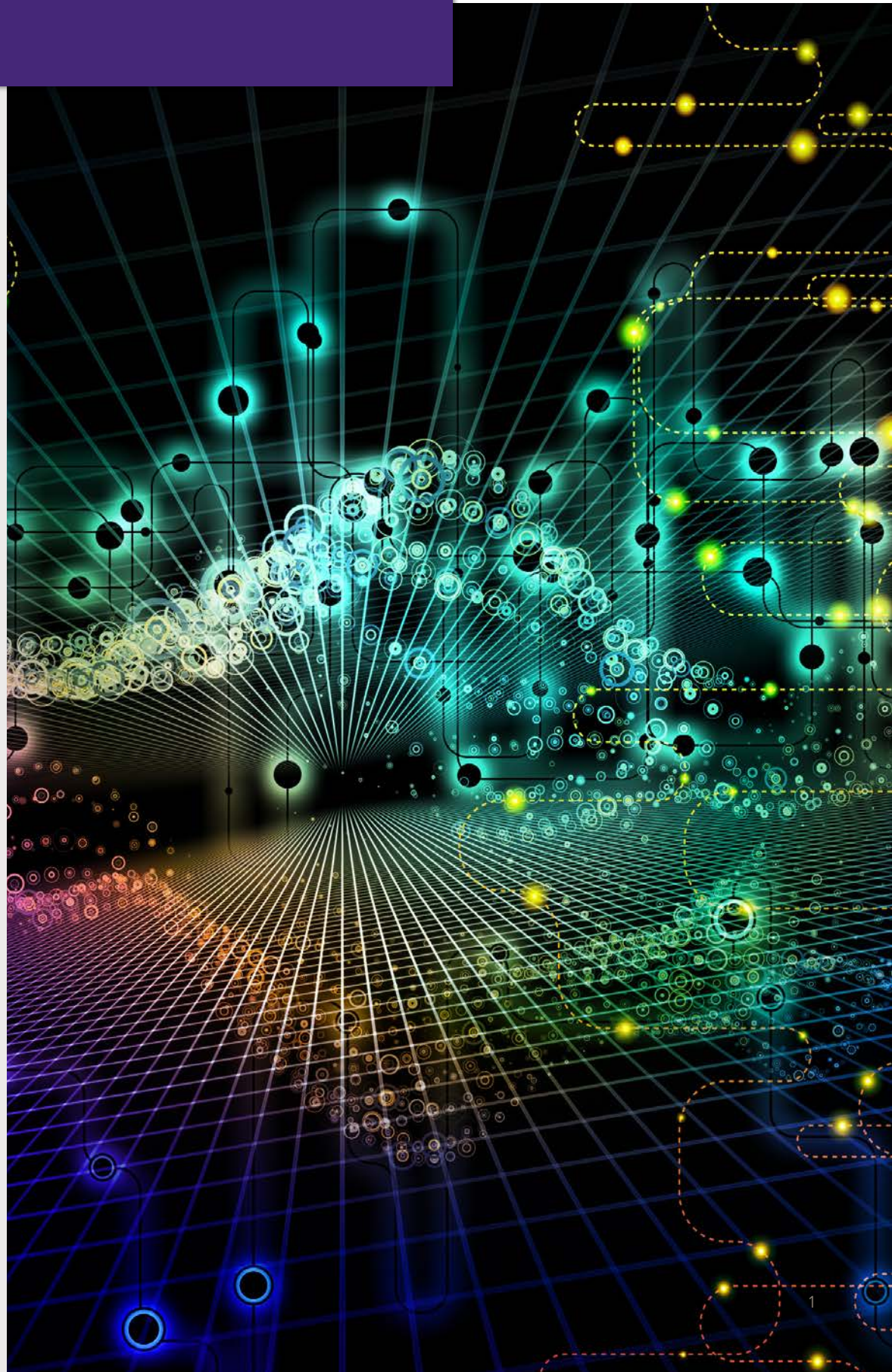
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SECURING THE SUCCESS OF STRATEGIC SUPPLY CHAIN INITIATIVES TODAY AND TOMORROW

EFESO CONSULTING

Cranfield School of Management

Leadership and Behaviours For Next Generation Supply Chains

EFESO CRANFIELD LEADERSHIP FRAMEWORK © 2018

Within the hexagon diagram:
- GOAL & PERFORMANCE FOCUS
- CUSTOMER & MARKET FOCUS
- INTERNAL COLLABORATION
- NEXT GENERATION LEADERSHIP & BEHAVIOR
- EXTERNAL COLLABORATION
- PEOPLE & TEAM DEVELOPMENT
- CHANGE FOCUS & MANAGEMENT

- Act on Short Term Wins
- Commitment to Goals
- Achievement Values
- Innovative Towards the Future
- Focus on Facts & Data
- Focus on Customer
- Rational Values
- Building Trust
- Shared Leadership
- Affiliation Values
- Group Values
- Building trust
- Building Commitment
- Clear power distribution
- Interpersonal Relationships
- Empowering Employees
- Development Values
- Organising for Change
- Alignment to Business Strategy
- Engage & Inspire
- Influencing Skills
- Strategic Thinking
- Global/Holistic Thinking

○— Leadership Behavior
○— Leadership Value

Preface

SETTING THE SCENE

Change stalks the world. New business models and disruptive technologies, which define a markedly different 'normal', for instance. A workforce—Generation X, Y, or Z – which has very different views of what constitutes leadership, and acceptable working practices. A competitive paradigm that forces business leaders to deliver results today, while simultaneously building a future-proof business for tomorrow. And a value-creation orientation which demands a supply chain that can do and deliver far more than simply low-cost logistics.

But as businesses respond to these changes, it cannot be denied that their track record is poor. Simply put, the new disruptors—the Amazons, the Ubers, the Airbnbs, the eBays of the world—don't just dominate, they define an agenda with which traditional businesses struggle to engage.

The result: a significant proportion of strategic supply chain initiatives fail to deliver. According to a survey-based research paper, Supply Chain Strategy in the Boardroom: The Reality, published by EFESO Consulting in association with Cranfield School of Management in 2012, just 2% of supply chain strategies are implemented smoothly, on time and on budget, with two-thirds being either abandoned or suffering significant implementation difficulties.
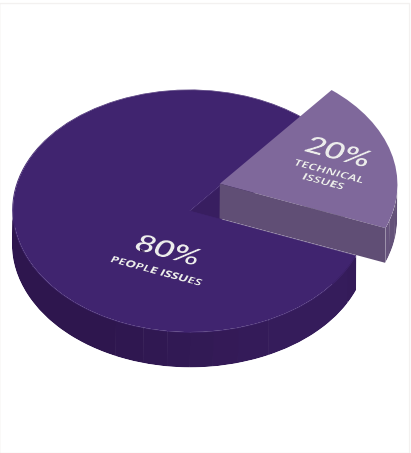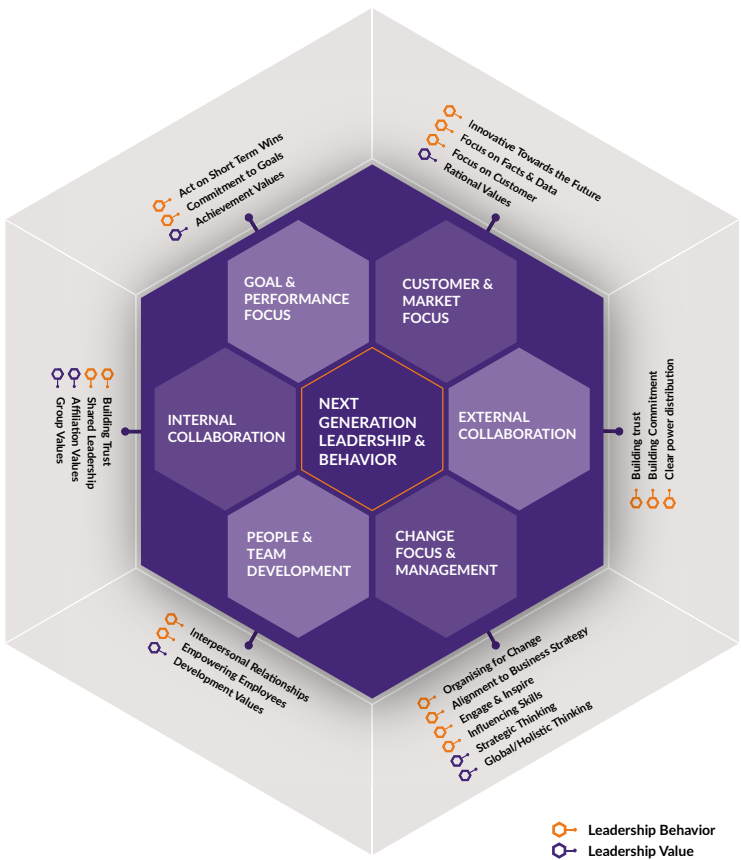

FIGURE 1 BARRIERS TO SUCCESS

80% PEOPLE ISSUES
20% TECHNICAL ISSUES

What could businesses do to improve their chances of success when leading transformational strategic supply chain initiatives? The research suggested that there were a number of leadership behaviours and implementation characteristics that businesses should aim to 'get right' to achieve success—leadership behaviours and implementation characteristics such as better change management, better risk management, cross-functional involvement, a focus on ensuring that initiatives were 'vision led', high levels of boardroom sponsorship and involvement.

Comprising the first practitioner-led, academically grounded study of how almost 240 real life boards had approached the adoption, planning, and implementation of supply chain strategy, the 2012 survey marked a major milestone in understanding the factors underpinning the successful execution of supply chain strategy.

Why was the failure rate so high? Surprisingly, the challenges weren't with what might be summed-up as 'technical' issues. Instead, the finger of suspicion pointed to people issues as the major hurdles to be overcome, highlighting difficulties such as poor leadership, inadequate management skills, fear of change, an absence of clear goals, conflicting priorities, a lack of urgency, and company culture.

Put another way, technical issues constituted just 20% of the identified barriers to success. Issues with leadership and human dynamics, on the other hand, made up the other 80% (see "Figure 1").

DRILLING DEEPER

Five years on from this 2012 publication, EFESO and Cranfield School of Management agreed to once again collaborate to update this important research, probing in more depth the links between the human dynamics, leadership, and managerial characteristics surrounding the implementation of strategic supply chain initiatives, and the success of those initiatives' subsequent implementations.

"People issues are the major hurdles to be overcome..."

JOINT RESEARCH TEAM

Research Directors and Co-Authors:
Professor Richard Wilding, Full Professor & Chair of Supply Chain Strategy, Cranfield School of Management
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RESEARCH LEADERS

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Assistance with the preparation of this report: Dr Malcolm Wheatley, Visiting Fellow, Cranfield School of Management

The collaboration was in several areas of work.

- A research project carried out by Cranfield School of Management explored the academic literature relating to the management and leadership of supply chains, attempting to provide the theoretical underpinnings of a jointly-developed conceptual framework that could be used to help businesses, boards, and supply chain leaders better understand the high-level leadership and change management characteristics most associated with supply chain management excellence.
- Following this, a conceptual framework was developed which identified six high-level leadership and change management dimensions that had been suggested by academic studies, each underpinned by a number of contributory elements, totalling 23 across the six dimensions.
- Next, a further survey was developed in order to both update the original research, as well as to quantitatively analyse in more detail the specific causal factors, leadership behaviours,

implementation characteristics suggested by the conceptual framework, and which lay behind the resulting success or failure achieved by a strategic supply chain initiative. In constructing the sample, and carrying out the survey, particular attention was paid to ensuring high levels of comparability between the earlier and subsequent survey, with broadly comparable levels of geographic distribution, industry sector, business unit size, seniority of respondent, and job title and area of responsibility.

- Finally, with the new survey completed and analysed, a programme of interviews and workshops is underway to provide deeper insights into the identified success factors, probing the practical implications of the survey findings.

The present document is an interim summary of the findings of the research programme. It delineates the principal survey findings, describes the conceptual framework, and sets the scene for the programme of interviews and workshops that is now underway.

MIXED MESSAGES

In contrast to the earlier research, two things immediately stand out.

The success rate has improved, with board-level involvement being more usual

First, there is evidence that the success rate that businesses are experiencing with strategic supply chain initiatives has improved. The proportion of initiatives reported as being only 'averagely successful' has dropped markedly, from just under half to just one in five. And the proportion of initiatives regarded as being 'very successful', or 'highly successful', has risen from just over a third, to just under three-quarters (see "Figure 2").

Second—and again in contrast to the previous research—high levels of board-level involvement in strategic supply chain initiatives are today much more usual. In some 70% of initiatives, for instance, high levels of board-level involvement were reported, and while just 4% of initiatives were today described as having no board-level involvement, in the earlier research this figure had been almost 15% (see "Figure 3").

Moreover, and significantly, these two findings appear to be associated, providing clear evidence that increasing levels of board involvement in strategic supply chain initiatives improves the likelihood of success in those initiatives.
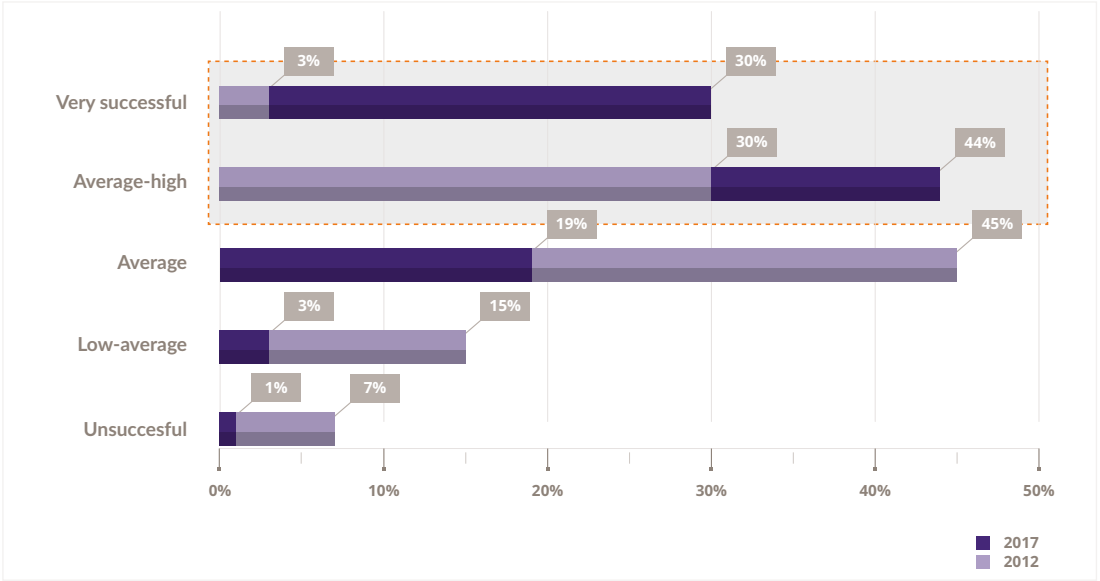
Interestingly, too, evidence emerges of the importance of what might be termed a 'shared leadership' model within organisations: a shift away from the rigidly hierarchical and autocratic structures of the past, and towards a style that is more open, collaborative, and consensual. This also demonstrated by the degree of cross-functional participation and routine engagement in the design and execution of strategic supply chain initiatives.

Overall, some cause for some comfort, then? And firm evidence, surely, that businesses' investments in change management and improved governance of supply chain initiatives were bearing fruit? Up to a point, certainly. But the association between board-level involvement, while positive, is only partial. There is an association but other factors must clearly also be at play.

For proof, it is necessary to look no further than the variability of the outcomes. Yes, board-level involvement improves the chances of success—but it is certainly possible to point to instances where success has occurred with minimal board-level involvement, and also instances where high levels of involvement have not resulted in a commensurate degree of success.

Simply put, while the odds of success have improved, significant numbers of businesses can embrace strategic supply chain initiatives where the nature of that success has been patchy and uneven, failing to fully attain the initial ambitions that management had for them. Put another way, while complete failure is far less likely—happening in just 1% of initiatives, as opposed to 7% in the earlier survey—the definition of success turns out to be disturbingly broad.

And the impact of a failed strategic initiative should not be underestimated. Not only in terms of the wasted resources and management time expended on a frus-

trated project, but also potential damage to brand reputation and the strategic consequences stemming from the business finding itself in a sub-optimal position, or lacking clear direction in a fast-moving competitive market place.

KEY SUCCESS FACTORS

So what, then, is correlated with high levels of success? As intended, here the newer survey differs markedly from its predecessor. By design, further questions have been asked to help pin down the causal factors that drive the success of strategic supply chain initiatives. And a number of potential causal factors do indeed turn out to be highly correlated with success.

Intriguingly, too, these also turn out to be associated with—and overlap—many of the 'get right' leadership behaviours and implementation characteristics that had been broadly identified in the earlier research. Now, though, the newer research enables these to be statistically tested for significance, backed by strong correlations that establish their relevance. Given the greater granularity with which specific leadership characteristics and behavioural elements have been defined, measured, and statistically tested, the result is an even greater degree of confidence in the findings.

Moreover, these 'get right' leadership behaviours and implementation characteristics have a direct bearing on the observed variability of outcomes. Simply put, it appears that the more of these 'get right' leadership behaviours and implementation characteristics are in place, and the more thoroughly they are pursued, then the more likely it is that businesses' strategic supply chain initiatives will succeed. Put another way, high levels of performance in all of these leadership behaviours and implementation characteristics correlates with achieving the highest chance of success with strategic supply chain initiatives.

The 'get right' factors that correlate with success

The impact of a failed strategic initiative should not be underestimated

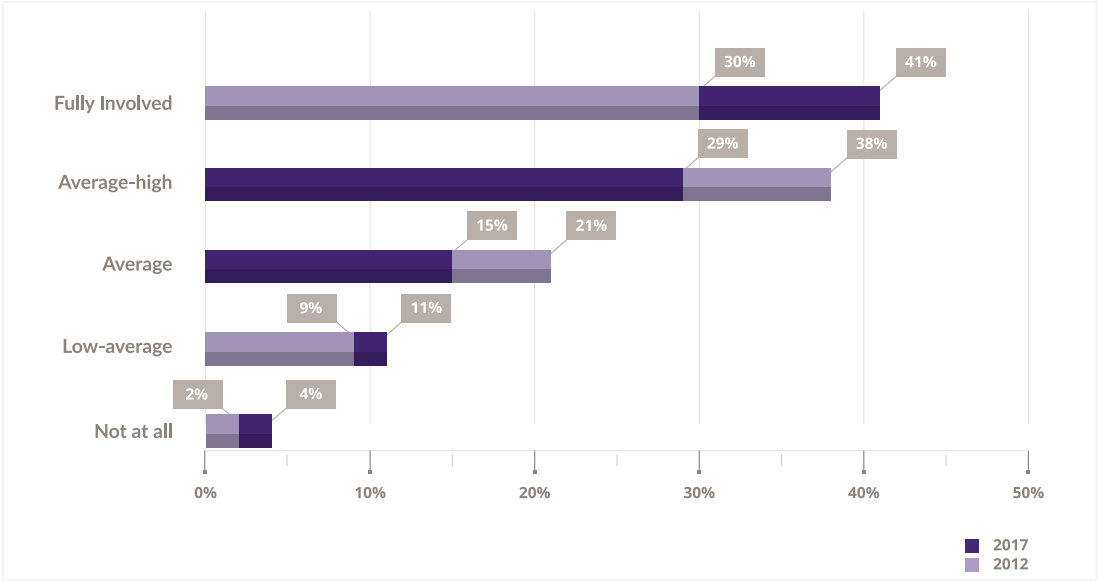FIGURE 2 LEVEL OF SUCCESS 2012-2017 COMPARISON

FIGURE 3 BOARD LEVEL INVOLVEMENT 2012-2017 COMPARISON

THE SIX 'GET RIGHT' LEADERSHIP BEHAVIOURS AND IMPLEMENTATION CHARACTERISTICS

Success factor #1:
Initiatives that are 'vision-led', and which are aligned with overarching business strategy.

Have a vision for the initiative; communicate that vision—and critically, ensure that it is consistent with the overall strategy of the business. There's little point targeting speed or bespoke services, if the overall business is pursuing cost minimisation.

Success factor #2:
Initiatives that exhibit global and holistic thinking, embracing the end to end value chain.

Strategic supply chain initiatives must be strategic. Think big, not piecemeal. Small initiatives will struggle to make a discernible difference unless they are cumulative and managed as part of an integrated progression programme.

Success factor #3:
A top-down, bottom-up realisation—and acceptance—that personal contributions make a difference in delivering the initiative's objectives.

For change to succeed, it is crucial that everyone—top to bottom—understands that they have a role to play in delivering that success. Instructing people to change isn't enough: without belief, and commitment, they will change too slowly, not enough, and without conviction.

Success factor #4:
Change management practices that focus on generating short term 'wins' and building credibility, backed by pilot implementations, proof-of-concept 'demonstrators', and demonstrable tangible benefits.

Make it easy to build, scale and sustain—that commitment to change. Back the vision with convincing demonstrations of it becoming a reality. Win both hearts and minds with clear evidence that the vision is the right one, and that it is attainable.

Success factor #5:
Initiatives that maintain a solid focus on customer centricity and continuing high levels of customer service during implementation.

Don't 'drop the ball' during the implementation: poor customer service will detract from, and diffuse, the change initiative. Importantly, too, make sure that internal key performance indicators highlighting success actually correlate with what the customer is seeing, and experiencing.

Success factor #6:
Initiatives that display a progressive approach to planning and execution, where goals and milestones are updated and adapted in response to changed circumstances and evolving competitive paradigms.

A plan that evolves, or an initiative that pursues evolved objectives, are not signs of an initial plan that was flawed. To the contrary: the mistake lies in doing nothing when circumstances change. If a business fails to adapt and change as fast as the marketplace in which it operates, it is effectively moving backwards.

FRAMEWORK FOUNDATIONS

Why are these six 'get right' leadership behaviours and implementation characteristics so important when it comes to the success of strategic supply chain initiatives? What is it, precisely, that makes them so critical to success?

Insights into these questions come from two further aspects of the new research undertaken by the EFESO and Cranfield School of Management team.

To begin with, the team carefully studied the applicable academic literature for insights into the leadership and management behaviours associated with strategic supply chain initiatives.

Validated and augmented by the human dynamics and change management practices within EFESO, the result was the construction of a behavioural framework, identifying six high-level leadership and change management dimensions that had been suggested by academic studies, both theoretical and case study-driven, each underpinned by a number of elements, totalling 23 across the six dimensions (see "Figure 4").

The effective supply chain leader, in short, should possess a strong customer and market focus, be skilled at both external and internal collaboration, possess skills in change management and leadership, have a strong focus on performance and meeting goals, and be skilled at the development of people and teams.

In turn, underpinning these six high-level leadership and change management dimensions lay a number of detailed leadership behaviours and values—23 elements in total—which had again been suggested by the literature review of academic studies of effective supply chain management leadership.

Powerfully, it was quickly apparent that many of the framework's dimensions and elements not only contributed to effectiveness in supply chain leadership, but also mapped directly onto the six 'get right' leadership behaviours and implementation characteristics that appeared to be so important when it came to the success of strategic supply chain initiatives, with strong links to change management, a customer and market focus, and a focus on goals and performance. Here, then, was an academically-rigorous explanation for why these six 'get right' success factors were so important to the success of strategic supply chain initiatives, and why they had to be in place.

Powerfully, too, it also quickly emerged from the survey findings that these high-level leadership and change management characteristics that had been suggested

An academically-rigorous explanation of why these success factors mattered

The result: a behavioural framework for the effective supply chain leader

FIGURE 4 EFESO CRANFIELD LEADERSHIP FRAMEWORK

by the academic literature turned out to be strongly correlated with success in delivering strategic supply chain initiatives. In other words, the more that a business exhibited excellence and maturity in its capabilities in each of the high-level leadership and change management characteristics that had been suggested by the academic literature, the more likely it was that strategic supply chain initiatives would succeed (see "Figure 5").

That said, not all the correlations were equally strong. To the surprise of the EFESO-Cranfield School of Management researchers, the correlations in respect of collaboration—both internal collaboration, and external collaboration—were lower. Skills in collaboration matter, in short, but not as much as had been expected.

Why? At this stage, answers are few, with experts' understanding of the human dynamics and performance behaviours still evolving. Collaboration, while important, might be yet to have an effect on the suc-

When it came to having a strong focus on performance and goals, for instance, then many businesses appeared to achieve an acceptable level of focus. Improvement was certainly possible, to be sure, but broadly speaking, the level of focus on performance was acceptable. So too with the possession of a strong customer and market focus: broadly speaking, most businesses performed reasonably well in this respect.

That wasn't the case elsewhere, though. When it came to being skilled at the development of people and teams, there appeared to be significant room for improvement. Skills in change management and leadership? Likewise: once again, considerable room for improvement. And skills in undertaking collaboration—both internal and external collaboration? The story was the same: yet again, considerable room for improvement.

And these are all areas, it is important to remember, where a significant correlation exists between these
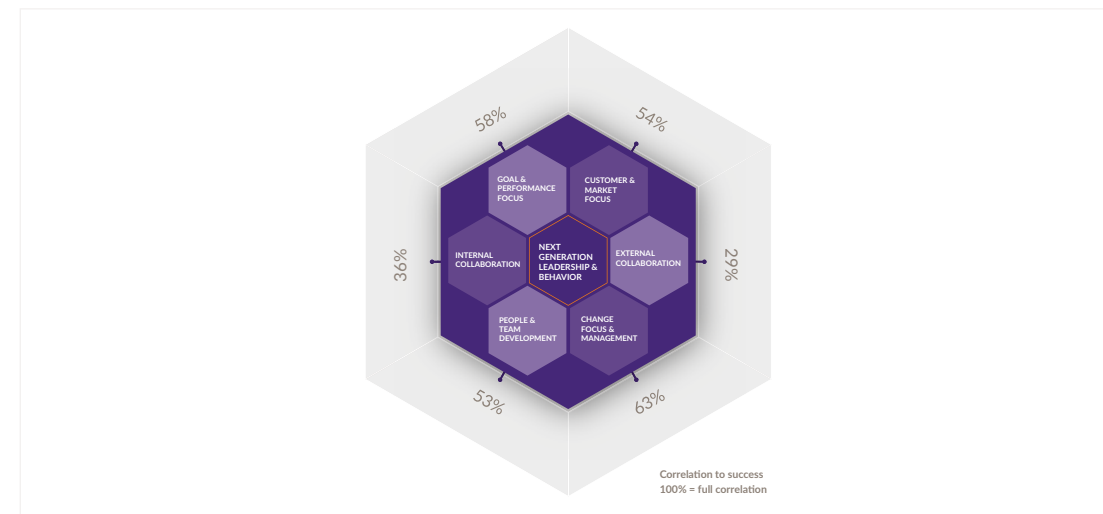

FIGURE 5 LEADERSHIP DIMENSIONS - % CORRELATION TO SUCCESS

cess of strategic supply chain initiatives, for instance. Or, perhaps, the collaboration that had been undertaken might not have been truly effective.

Equally, the term itself might be unclear, or its effects difficult to discern, with research in the field suggesting that collaboration tends to play a facilitating role, rather than a direct one. And consequently, a focus of the next phase of the EFESO-Cranfield School of Management research, the executive interview programme, is to probe this question of collaboration, through dialogue and debate with supply chain leaders considering real-life scenarios.

Overall, however, what was clear was that in line with other aspects of leadership and management behaviour, the six dimensions of the framework turned out to exhibit significant variability. Simply put, when it came to the high-level leadership and change management characteristics most associated with successful supply chain progression, it turned out that businesses were better at some things than others.

capabilities in the management and leadership of supply chain operations, and the resulting success of any strategic supply chain initiative. Put another way, these are not areas where strong capabilities are merely 'nice to have', or where businesses can be sanguine about any shortcomings. If a business is apt to undertake strategic supply chain initiatives, or if excellence in supply chain management is important to its overall commercial success, then these are areas where complacency can be dangerous.

Why do these shortcomings exist? How have they arisen? Where is any remedial effort most required? The latest part of the joint EFESO-Cranfield School of Management research programme, an interview and workshop programme will delve deeper into the findings of the survey and begin to answer some of these questions. Still ongoing at the time of writing, this work aims to provide the necessary illumination and clarification. To get involved, please contact EFESO Consulting or Cranfield School of Management contact for more details.

TAKING ACTION: THINGS THAT YOU CAN DO NOW
To make sure that your business stands the highest chance of success when implementing strategic change, consider the following:

1. Learn from experience: reflect on the successes and failures of previous initiatives.

- At what stage were problems identified?
- What were the root causes?
- How could these have been avoided? At what stage? By whom? How?

2. Benchmark your organisation and its initiatives (past, present and future), using the six key success factors as a checklist.

- Are initiatives 'vision-led', and aligned with the overall business strategy?
- Does the organisation exhibit global and holistic thinking, embracing the end-to-end value chain?
- Is there a top-down, bottom-up realisation—and acceptance—that personal contributions make a difference in delivering the objectives?
- Is there a focus on generating short term 'wins' and building credibility, backed by pilot implementations, proof-of-concept 'demonstrators', and demonstrable tangible benefits?
- Does the organisation maintain a solid focus on customer-centricity, and on continuing high levels of customer service during implementation?
- Are the objectives updated and adapted in response to changed circumstances and evolving competitive paradigms?

3. How is your business addressing the major barriers to success that we have highlighted?

- Change overload.
- Unrealistic time-scales.
- Lack of resources.

4. Speak to the senior leadership across the business, looking to obtain a cross-functional view of the key success factors and overcoming the barriers to success.

5. Contact EFESO Consulting or Cranfield School of Management, to participate in interviews and workshops to probe these findings, discuss the implications, and develop practical solutions for your business.

"Supply Chain remains at the forefront of business, satisfying customer needs and delivering top line growth. New kinds of leadership and behaviours are required to orchestrate and deliver successful change across the Next Generation of Supply Chains. New business models, disruptive technologies and cross-generational talent pools are all challenging the traditional approaches to supply chain and change management. This work highlights the changing role of supply chain leaders and suggests a revised set of skills and leadership behaviours that are required to secure success – today and for tomorrow"

Leadership and Behaviours Framework

EXPLANATION OF TERMS & LINK TO KEY SUCCESS FACTORS

	Leadership and Behaviours Framework - Explanation of Terms & Link to Key Success Factors				
#	Dimensions	Description	Elements		Explanation
1	Change Focus and Management	Clear focus on all aspects of the change needed, and actively managing the change	Organizing for change	LB	Applying a structured approach in the organization for change, balancing risk, pace of progression, and outcomes
			Alignment to Business strategy	LB	Aligning the desired change to the overall business strategy and implications for the organization
			Engage & Inspire others	LB	Engaging and inspiring the employees involved in the change
			Influencing skills	LB	Applying influencing skills to mobilizing employees towards the change
			Strategic thinking	LV	Having strategic perspective when managing the change
			Global and Holistic thinking	LV	Having a clear focus on the overall goals and purpose of the change, and critical inter-dependencies
2	People & Team Development	Clear focus on development of key players and teams	Interpersonal relationships	LB	Maintaining and improving interpersonal relationships
			Empowering employees	LB	Empowering employees, ensuring relevant capabilities to maximize their value contribution
			Development Values	LV	Commitment to continuously developing people and teams
3	Internal Collaboration	Clear focus on maximising internal collaboration	Building trust	LB	Building trust between individuals, teams and functions
			Shared Leadership	LB	Distributing leadership responsibility; people within a team or organization share accountability for leading the change
			Affiliation Values	LV	Creating a sense of involvement and "belonging" with the key-populations involved
			Group Values	LV	Creating a clear understanding that working together will achieve more
4	External Collaboration	Clear focus on maximising external collaboration	Building trust	LB	Building trust between individuals, team and entities external to the organisation
			Building Commitment	LB	Building commitment between individuals, team and entities external to the organisation
			Clear power distribution	LB	Creating and supporting a power distribution between entities that permits effective collaboration
5	Goal and performance focus	Clear focus on the overall goals and performance of the Supply Chain initiative	Act on short term wins	LB	Acting on opportunities for short term wins consistent with the longer term vision
			Commitment to goals	LB	Showing clear commitment to achieve the overall goals of the Supply Chain initiative
			Achievement Values	LV	Promoting accomplishment and success, through mastery of skills and high standards
6	Customer & Market Focus	Clear focus on specific end customers and the market development in general	Innovative towards the future	LB	Continuously innovating and embracing the challenges/opportunities of social, environmental and technological developments
			Focus on facts and data	LB	Decision making and behaviour is based on best possible facts, insights and data
			Focus on customer proposition	LB	Customer-centric focus and behaviours that are directed towards value creation and growth
			Rational Values	LV	Having a clear focus on logic and reason

Success factor #6:
Initiatives that display a progressive approach to planning and execution, where goals and milestones are updated and adapted in response to changed circumstances and evolving competitive paradigms.

Success factor #1:
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ABOUT EFESO Consulting

Founded in 1980, EFESO Consulting is a global management consultancy firm specialising in the co-design and execution of progressive, integrated and scalable programmes to drive end to end value chain performance.

EFESO Consulting is a group of over 400 experienced consultants representing 45 nationalities, operating from 26 offices around the world with a strong presence in Europe, North & South America, Middle East, Africa and Asia. EFESO carry specific experience from most key industries and believe in sharing cross-sector best practices and know-how where this will create value.

The EFESO «Progression» motto is "Improving your results today, securing your results for tomorrow» For us this means delivering faster, tangible and more sustainable outcomes while concurrently building future proof capabilities that bring competitive advantage.

Our priority is to be regarded as an effective long-term progression partner by our key customers and the EFESO business model is based on a "work in tandem" philosophy that builds momentum and ownership within customer organisations. The success of the EFESO approach is reflected by a customer retention rate of 90%

ABOUT CRANFIELD UNIVERSITY

Cranfield is a wholly postgraduate university with a global reputation for education and research in technology and management. Our success lies in our deep understanding of how these two areas work together to benefit the world.

Cranfield School of Management is one of an elite group of business schools worldwide to hold the triple accreditation of AACSB International (the Association to Advance Collegiate Schools of Business), EQUIS (European Quality Improvement System) and AMBA (the Association of MBAs).

We are passionate about transforming knowledge into action that makes a real difference to the practice of management worldwide. We unlock the potential of individuals and organisations by partnering with business and governments to deliver transformational research, postgraduate education and professional development.

Cranfield School of Management's Centre for Logistics and Supply Chain Management is Europe's largest group of faculty specialising in the management of logistics and supply chains. Cranfield is also a centre of excellence for advanced research and teaching in these fields.

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