

TALENT AND
CHALLENGES IN
SUPPLY CHAIN
HRM REPORT 2017



SUPPLY CHANGE

Already a professional field in substantial transformation, **Supply Chain functions** all over the country are now having to further develop in order to deal with the prospect of Brexit. As negotiations have begun between David Davis on behalf of the British Government and EU Chief Brexit Negotiator Michel Barnier on the terms of Britain's withdrawal from the European Union, we asked 944 supply chain professionals their opinions on the challenges ahead.

Respondents shared their views on the organisational challenges facing supply chain functions, the competencies now required in great supply chain leaders and the factors that most effect their attraction and retention as professionals.

The research for this report was undertaken by survey, including specialist supply chain professionals as well as senior executives. 32% of respondents are in the latter category, having overall Supply Chain leadership responsibility. Of the remainder; 20% specialise in Procurement, 16% in Manufacturing Management, 13% in Distribution and 7% in Planning. The balance of participants work in a variety of roles including Materials, Inventory Management, Programme Management and Operational Excellence.

We are very grateful for the time all participants gave to the data collection process. Respondents currently work in a range of industries including Pharmaceutical/Biopharmaceutical (27%), Food & Beverage (19%), Medical Devices & Diagnostics (13%), Technology (7%), Electronic Assembly (7%), Engineering (6%) and Professional Services (4%). The balance work in a variety of sectors including Oil and Gas, Automotive Components, Cosmetics and Utilities.

We live in unprecedented times of political shock, rising terrorism and an unpredictable shape for Europe's economy. Firms must find customers in new regions, contend with the possibility of tariffs and consider the impact of a wide range of factors on planning and margins. **We asked participants how impactful did they feel the external forces listed in the following table were on their firms?**

Supply Chain professionals participating in the research leaned towards higher experience levels. 80% of research participants indicate they have 10 years plus supply chain experience, 12% are in the 5 to 10 years range, 4% at 3 to 5 years while a similar number are in the first 3 years of their careers. 8% of respondents are in the €150K+ salary range, 19% are in the range €100K to €150K, 25% between €80K to €100K, while 37% report their compensation at €50K to €80K, with the balance of 11% at up to €50K.

Despite heightened coverage of Brexit, supply chain leaders appear more wary of US threats.

	VERY IMPACTFUL	IMPACTFUL	SOMEWHAT IMPACTFUL	NOT IMPACTFUL
Fall in the value of sterling due to pending Brexit	22%	50%	15%	13%
Brexit and the likely introduction of trade tariffs	24%	45%	19%	12%
Relocation of US manufacturing or supply chain hubs to other European centres	15%	40%	21%	24%
Possible changes to US Corporation Tax rates	29%	31%	25%	15%
Changes in US trade policy and the introduction of tariffs	29%	36%	21%	14%
Reduced levels of foreign direct investment from US firms	22%	48%	22%	8%
The rise of internet based commerce	13%	41%	26%	20%
The impact of advancement in technology on logistics and supply chain operations	28%	50%	13%	9%

STOCK ANSWERS

A majority of Supply Chain professionals say their organisations are facing a wide range of supply chain challenges

Many of the respondents identified a wide range of supply chain risks and challenges their organisations need to address. Some talked about the increased intensity of such risks in a world where last-mile experiences or product failures can become an internet sensation in minutes, damaging brand reputation.

Related to this, compliance and regulation has grown exponentially in recent years as a key component of supply chain management. Customs compliance and trade / product regulations will only increase further if a hard Brexit results from current negotiations.

Talent issues are also a significant concern for supply chain leaders as the competition for experienced professionals has intensified greatly. Many cite the need for a different set of competencies in today's supply chain professionals, as they and their teams grapple with a high velocity of change.

We asked respondents whether any of the following were currently presenting as problems for their organisations, and if so, had they overcome the obstacle or were they still facing the challenge?

	ADDRESSED	FACING	UNKNOWN	NOT AN ISSUE
Inability of supply chain personnel to keep up with the rapid economy / environment driven changes and technological changes	15%	54%	14%	17%
Integrating multiple systems existing internally	17%	63%	10%	10%
Managing inventory levels – accumulation of inventory in the pipeline	30%	41%	13%	16%
Maintaining training budgets in an uncertain economy	21%	29%	30%	20%
Greater emphasis on price rather than total cost in the wake of the growing pressure to increase revenue and reduce cost	12%	67%	14%	7%
Under investment in technology or inability to drive full value from systems that have been put in place	19%	58%	14%	9%

CONTINUOUS IMPROVEMENT

Integrating multiple existing internal systems and under investment in technology presents here as the largest challenge facing respondents from the Pharmaceutical / Biopharmaceutical sectors. In FMCG, the inability of supply chain employees to keep up with rapid economic / technological changes and pressure on price are reported as the biggest challenges.

Apart from geopolitics and economic shifts, several other external influences are impacting the shape and system of supply chain operations.

These include E-commerce, digital supply chain and procurement being used as margin defence and recovery. From the survey research it is obvious that many organisations are driving hard to continuously improve their supply chain operations. We can see several emerging strategies in the firms of those who participated in the survey. These are set out in the table below.

We asked participants whether their organisations had adopted any of these strategies and had either fully implemented them or were on the path to implementation?

Move towards centralised procurement/logistics and tracking of costs	64%
Rationalisation of the supply base to a small set of strategic suppliers	51%
Outsourcing the procurement of non-strategic items	29%
Emphasis on real time response to customer requirements	41%
Better forecasting, sales and operations planning and information sharing across the supply chain	57%
Increasing pressure to reduce costs and demonstrate credible cost savings	70%
Investing in the development of improved skills and training of supply chain management professionals	34%

CHAIN REACTION

We know that supply chains continue to grow in their complexity, this in turn has a knock on effect on the design and content of more sophisticated supply chain roles. This has further added significant pressure on the availability of talent

with the required competencies to perform successfully in these supply chain positions. The ability to work well with technology, an understanding of the challenges presented by working in a global environment and the ability to collate, parse, review and act on a huge amount of data are just some of the competencies now necessary for success.

With the shift from distinct job verticals to more consolidated functions, we asked participants what did they feel were the essential skills for Supply Chain leaders to demonstrate?

Project management	58%
Technical understanding	44%
Financial acumen	51%
Understanding of e-business / e-procurement systems	30%
Troubleshooting / Problem solving	54%
Understanding of cross cultural / Global issues	44%
Business ethics	32%
Understanding of the legal issues involved in managing contracts	29%
Ability to communicate effectively with a range of audiences	65%

Given how complex the function has become, more than 70% of organisations report difficulty in recruiting senior supply chain leaders

As recruiting top Supply Chain talent has become more challenging, emphasis switches to how talent in your supply chain function can be retained. HRM’s annual employment and engagement report across all professional functions, highlights that in recent years keeping your advancement in technology is now a key factor for mid-level supply chain specialists. The absence of both the value output of technology and the technology itself, reduces career development potential. We asked the participants to place a weighting on the value of six potential engagement and retention factors, the results of which are displayed in the table to the right. Salary and benefits appear most strongly, but as is noticeable across all functions now, the ability to combine work and personal needs and interests continues to grow and be a major consideration for professional talent.

In a final question, we asked respondents to perform a similar weighting exercise as to the importance and impact of each of these seven benefit potentials on their decision to join or stay with an organisation. It should be noted here, that as the demographic outlined at the beginning of this report leans towards senior executives and leaders in supply chain, factors such as Pension and healthcare may be overstated relative to a research pool without such bias.

Career development	65%
Salary and benefits	87%
Experience working with management	50%
Company culture	58%
Work life balance	74%
Training and development	20%

Healthcare	81%
Pension	95%
Bonus	76%
Flexitime	34%
Additional benefits	23%
Car allowance	20%
Health and well being contributions	25%

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THE LAST MILE

Supply Chain functions, as do many other professional functions, face a period of rapid and unpredictable change. Globalisation, technology and a unique set of geopolitical and economic trends have converged to present the perfect supply chain storm.

The direct consequence of this against a backdrop of increasing demand for a sophisticated composite of business skills, is a very real shortage of high quality supply chain leaders and specialists. Many organisations are already seeing these gaps, as can be noted by the number of organisations still facing the core challenges outlined in the table on page 4.

Supply Chain leaders and specialists have moved from being task focussed to strategy shapers, from being about functions in planning, purchasing, production and passage departments to managing highly sophisticated systems and critical global relationships.

The pace at which organisations must now upskill their supply chain functions is staggering and perhaps represents the biggest threat of all to effective supply chain strategy.

As with all HRM research, we are always grateful to receive any feedback that you may wish to share.

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