

WHITE PAPER

Supply Chain Management: Getting a Seat at the Table

Final DRAFT – Version 4.0 23 November 2015

by Stephen C. Rogers & Robert Porter Lynch

Overview

Supply Chain Managers with a professional designation yearn to be invited into their corporation’s strategic leadership team or executive committee – to gain a “seat at the table.” However, the journey has seldom met with success, despite the compelling rationale that supply chain often consumes the predominance of corporate expenses.

What needs to change to gain a position of influence? Why has supply chain rarely succeeded in the past? What have the few who have succeeded done differently? And if supply succeeds at gaining a seat at the table, what is necessary to retain the position?

This White Paper explores these questions and proposes a path forward.

Contents

Overview	1
Introduction	2
Key Issues to Address	3
Why doesn’t Supply Chain have a seat at the table?.....	3
• Traditional Management Perspective.....	3
• Tactical View as Cost Centre or Delivery Vehicle	3
• Supply Chain Managers Discourage Senior Management Engagement.....	4
• Narrow Supply Chain Focus and Language of SC Managers	4
• Functionally Siloed Supply Organizations	4
• Poor Track Record on Major Projects	5
• Lack of Standard Supply Chain Work Processes and Training.....	5
Remove the Obstacles	5
How can Supply Chain get a seat at the table?.....	5
• Create a Focused Supply Chain Leadership Team across the SC Functions.....	6
• Credibility: Predictably Deliver Results by Building Organization Competence	6
• Communicate Using the Language of Senior Management.....	7

Supply Chain Management: Getting a Seat at the Table

- The Supply Chain is a Strategic Business Asset, Run it Effectively and Efficiently7
- Understand and Communicate Supply Chain’s Importance to the Business.....7
- Customer Needs Drive Business Needs that must be Clear to Suppliers..... 8
- Chain Risk Management8
- Create a Value Proposition for Making the Supply Chain Strategic to the Business 8

What to do with a seat at the table once you get it so that you keep it? 9

- Maintain Credibility.....9
- Expand the Results Portfolio9
- Seek Internal Alliances10
- Become a Trusted Advisor to Management10
- Build the Next Level of Supply Chain Skills.....10
- Tap Supplier Innovation11
- Connect Senior Management with Supplier Senior Management11
- Connect Members of the Chain to Deliver Integrated Results11

Summary 12

Introduction

To be a voice that is heard when company strategy is developed and key decisions are made – this has been the goal of Supply Chain Management leaders for a very long time. Supply Chain professionals traditionally ask the question, “How does Supply Chain get a seat at the table with senior management?” In the more than twenty years of the Supply Chain professional certification, in recent years a number of companies in various industries have given Supply Chain vigor and influence. For example, Tim Cook, the handpicked successor to Steve Jobs at Apple, was the in charge of Apple’s far flung supply chain before becoming CEO. The recently appointed CEO of Procter and Gamble, David Taylor, started and spent a decade in P&G’s supply chain as a manufacturing manager. Alan Wilson, Chairman and CEO of McCormick and Company (the spice maker) spent almost a decade in purchasing at P&G and then entered McCormick as a supply chain executive. General Motor’s CEO, Mary Barra, was in charge of GM’s purchasing during recent years, when supplier views of the automaker improved significantly. There are other examples as well – something that would rarely have occurred 20 years ago.

Yet, at many companies Supply Chain is still viewed as a tactical organization whose role is simply executing the strategies developed in Marketing, Finance and the technical disciplines. For some companies Supply Chain is just a glorified name for “procurement” rather than an end to end (E3E) entity. Other companies see Supply Chain as filled with bureaucratic procedures that do not contribute real value to the company. And others treat it like a “cost centre.”

Supply Chain Management: Getting a Seat at the Table

Key Issues to Address

So the question of how to get a seat at the senior decision-making table remains of major interest to many supply executives. Perhaps they should be exploring a broader set of questions:

- Why doesn't Supply Chain have a seat at the table?
- How can Supply Chain get a seat at the table?
- What to do with a seat at the table once you get it so that you keep it?

We will examine what needs to happen to make a difference, as well as what obstacles need to be overcome.

Why doesn't Supply Chain have a seat at the table?

Most supply chain executives are certain they can add value if they just can get a seat at the table, convinced that Senior Management just doesn't understand or appreciate the contribution they make or could make in the future. While undoubtedly there is some truth in this belief, things are rarely that simple. The reasons many companies see Supply Chain as an execution arm for strategy developed elsewhere lie as much with the supply chain organization as with senior executives' perspective.

Before beginning a major push to get a seat at the table, an enlightening analysis is required to determine why they don't. The answer to this question can lead to vital changes in several substantive areas as well as how supply chain communicates within the company, dictating priorities for improvement to make a more robust proposal for involvement. Think about how many of these potential root causes might apply:

- **Traditional Management Perspective**
Most companies are focused on revenue and profit which leads naturally to senior management focus on customers and financials, the realm of Marketing/Sales, Finance and the technical organizations that explore for and develop the products customers want and financial analysts reward when the top and bottom lines grow. Supply Chain's focus on internal operations and external suppliers falls at the other, back-end of the value chain, which reinforces a more tactical perception. Worse, Sales seldom sees itself as part of the supply chain organization despite interacting with the customers in the chain, and some supply chain managers only consider the supplier side – forgetting customers and demand altogether. To compound the problem, unlike Marketing and Finance, the definitions and terminology of Supply Chain are by no means common across business (or academia).
- **Tactical View as Cost Centre or Delivery Vehicle**
Financially, the supply chain is often an operational area in which Senior Management's primary interest is either cost reduction or supply flow. Most executives do not have background in this part of the business. If your corporation's main concern with the supply chain is squeezing cost or just making sure product flows – supply's role will not be seen as particularly strategic in a world concerned with new revenue sources and profit growth. This cost-focus comes from "defaulting to cost" because supply actually concurs with this cost

Supply Chain Management: Getting a Seat at the Table

centric view without recognizing other powerful elements of real value it potentially can produce – reinforcing senior management’s cost centre perception. Further, supply interruptions create emergencies that can derail the company business strategy, so supply chain is rewarded when firefighting is successful, but not for “fire avoidance” – if things run smoothly it can lead to a view that an area is ripe for cost cutting because, after all, if it is that easy we don’t need that many people working on it. Supply managers often reinforce that firefighting is a primary focus because the corporate reward system celebrates reactive “rescue work” more than proactive strategic plans and supply chain designs that keep things on track without problems.

- **Supply Chain Managers Discourage Senior Management Engagement**

Interestingly, many Supply Chain managers want to manage supplier relationships themselves, screening Senior Management from interacting with strategic suppliers for fear that questions will arise that might call Supply Chain approaches into question requiring justification for some of the actions taken with those suppliers. This is the opposite behavior that functions managing financial and revenue results have with Senior Management, where routine involvement with customers and financial analysts/investors is expected and leads to more comfortable relationships at the top levels of the business. This reinforces a lack of understanding and appreciation of the complexities and strategic importance of the supply chain.

- **Narrow Supply Chain Focus and Language of SC Managers**

Building on the last point, Supply Chain managers tend to understand their part of the business well, but are less knowledgeable about the broader business of the company. They use Supply Chain terms that are not well understood by Senior Management and rarely speak in the language of Finance, Marketing, Sales, Strategy and general management. Measurement systems are often not well integrated and synchronized with the metrics of the Board Room, which sometimes leads to conflicting measures – a cost reduction in the operational world might have a time lag or inventory adjustment when flowing through the accounting system, which can lead to conflict with the Finance organization (usually the final arbiter of cost questions). Worse, sometimes supply chain people are more concerned with the rules around how things are procured or managed rather than the ultimate business result for the company, sending the message to others that supply is bureaucratic, slow moving, and regulatory. This can lead to poor relationships with internal power functions like Marketing, Exploration/R&D and Finance.

- **Functionally Siloed Supply Organizations**

Supply Chain organizations are often a series of internal silos – with purchasing separate from manufacturing/operations, separate from engineering, separate from logistics, separate from project management (and in larger organizations often is inconsistent between divisions, thus being siloed and fragmented unto itself). The overall Supply Chain organization is not organized around the full range of the work, leading to internal supply chain measurement issues that do not present well to Senior Management, which is seeking positive results from the whole chain not just one or two parts.. Unless the supply organization engages cross-

Supply Chain Management: Getting a Seat at the Table

functionally in its internal linkages, and spans the end to end (E2E) chain from suppliers through operations to customers, it looks like a group of activities each operating independently to optimize its own individual results. This is truly the definition of tactical rather than a more strategic, integrated approach that understands how actions in one part of the chain impact other parts.

- **Poor Track Record on Major Projects**

Many industries have had high expectations but chronic shortfalls on major Supply Chain projects. For example, in numerous studies over the last 15 years, supply chain software implementations have only about a 25% success rate. Similarly, in a number of industries (including oil and gas) major capital projects are consistently late and over budget, undermining return on capital invested targets. Other companies have had customer service, operational reliability or weak disaster planning resulting in serious business disruptions. The mistakes seldom result in revised methods, which continue to produce lack-lustre results. These kinds of reliability issues do not spark confidence in Senior Executives.

- **Lack of Standard Supply Chain Work Processes and Training**

Some companies do not have standard supply chain processes, or have functionally-centric standard processes (procurement, manufacturing, construction, distribution, planning, etc.) that do not integrate well both internally and externally across the end to end (E2E) chain. Worse, some larger firms have personality-driven processes that are inconsistent within functions depending on the local or divisional manager's preferences. This lack of internal consistency raises questions for upper management and simply "looks bad" when leaders in the supply chain squabble among themselves and with other internal core functions. This gives rise to internal training that reflects the personality-driven aspects of the processes with differences across various business units, projects or departments, instead of companywide standard processes that are easy for manager, suppliers, and customers to understand.

Remove the Obstacles

As you look over this list, the range of potential reasons "why not a seat at the table" is broad – from traditional Senior Management views, to Supply Chain leaders that "train" Management to think of them as reactive crisis managers not strategic leaders, to a lack of operational and behavioral reliability that does not spark confidence in Senior Management. Ask yourself: "Could any of these issues be part of the problem?" And "What can we do to improve things before or as part of asking to elevate Supply Chain to the leadership council of the firm?"

If these obstacles are not removed, the underlying resistance to Supply Chain's initiatives will remain.

How can Supply Chain get a seat at the table?

After completing some honest self-evaluation of the Supply Chain organization and the possible reasons why Management has not invited Supply leadership to the table, the next step is to develop a sound business rationale for why Supply Chain deserves and, importantly, has *earned* a seat at the table. This strategy needs to address a number of elements:

Supply Chain Management: Getting a Seat at the Table

- **Create a Focused Supply Chain Leadership Team across the SC Functions**

Supply Chain leadership needs to align around the purpose, value, and goal of managing the chain as a prerequisite to any major organizational changes.. As noted above, many Supply Chains are a group of relatively independent functional disciplines, such as procurement, logistics, and operations, managing a collection of silos, not an integrated E2E organization. The first task to get a seat at the table is to create a “Supply Chain table” for its leadership to gather around and develop a leadership team across all the silos that is aligned on broad supply chain performance. This should be a two step process. First, Supply Chain leadership should leadership form a team and align among itself key objectives, priorities, problems, and opportunities. Then engage the rest of the functions in the company to determine what Supply Chain should/could be doing better/differently to improve its teamwork with its internal “customers.” Interviews should be conducted with leaders of other functional units to gain feedback from users/partners inside the organization. After the team has done this two-step process, they will come up with clear company-oriented priorities and alignments that can be communicated to the entire supply organization for clarity and consistency and competencies. An improvement plan should be drawn up and support for these changes sought from the senior executive leadership team, requesting their input into its value. Once the program is in place, Supply Chain should report back to the Senior Executive Team on the results. This sets the stage for joining Senior Management as a respected partner in driving the firm’s business strategy and results. No more squabbles or individual function optimization at the expense of the total chain’s performance are allowed. Management needs to see an integrated view of the chain without the distractions of internal competition within the supply chain organization.

- **Credibility: Predictably Deliver Results by Building Organization Competence**

Build a track record of meeting Management’s basic expectations through improving performance and consistent organizational development of standard, user-friendly supply chain processes that work across the company. It’s particularly important the middle and lower levels of the supply chain organization understand the goal, the rationale, and the best practices to ensure senior supply chain managers can be focusing on “big picture” and internal integration issues. If the lower/middle levels don’t get the clear messaging, they will not be an integral part of the improvement program and may keep doing the same things that have aggravated other parts of the internal business unit or a major supplier who has heard a very different message from senior supply leadership. Credibility is perhaps the most important credential to have a chance to get a seat at the table. Leadership alone is not enough. High level competence in the organization is what delivers results management can believe in over time. That requires broad-based training to instill functional competencies at all organizational levels. This requires not just single, individual professionals with the SCM designation, but a *team* of SCM professionals – a critical mass -- that can exert sufficient influence on corporate culture to trigger a sustainable shift at the corporate level to prevent traditional thinking from rejecting the ideas of the new advocates of *value*. It also requires clearly understanding management’s expectations for results and improvement, and then delivering them consistently. Use of the philosophy “under promise over deliver” – it’s a sure way to get Senior Management’s positive attention and support.

Supply Chain Management: Getting a Seat at the Table

- **Communicate Using the Language of Senior Management**

Translate supply chain jargon into the language of management. It is important to present results and recommendation in the format that is used by management to talk with investors, financial analysts and stakeholders. To do that requires a deep understanding of your company's business – customers, competitors, stakeholders, strategy and markets. Each company has its core “metrics of performance;” supply chain must ensure its metrics translate clearly and directly into those metrics. Too often, Supply Chain practitioners are supply focused and concentrate on optimizing the cost of their part of the chain without seeing the bigger picture. SC leadership must expand the vision of its organization so that value to the corporation, rather than just the price of a purchase or the direct cost of an internal operation, is the primary goal. This also helps reach across supply chain silos to understand the implications of actions in one part of the chain on another part. The entire chain needs to run well, not just an individual part.

- **The Supply Chain is a Strategic Business Asset, Run it Effectively and Efficiently**

The Supply Chain is a *strategic asset*¹ for your company. Run it like a business. Measure against corporate goals and link supply chain goals directly to the corporate strategy, not some departmental measure. Importantly, measure both the business result as a primary metric of *effectiveness* but also as secondary metrics the process and organizational *efficiencies*. Effectiveness delivers the results the company (not the supply chain organization or sub-functions) needs. Efficiency delivers those results the best way so that the total (not sub-component) cost (not price) is low and controlled. Ensure high, predictable fulfillment rates on contracts.(especially in supply chains of equipment manufacturers that provide vital materials for operations and construction). Create lean supply chains by eliminating non-value added work; implement processes that encourage fast flow of product through the chain. Simplify billing and reporting. Get feedback from internal customers to determine how well new approaches are working. Management will notice your interest in linking to their needs in an effective and efficient way. The supply chain can be the largest unifying factor across all the functions of the company because it is the conduit for products customers buy. (Remember, however, that to do this you need measurement systems that work and work quickly enough to see problems in time to do something about them.)

- **Understand and Communicate Supply Chain's Importance to the Business** Do some analysis of your company's business and the implications of the supply chain on business success. How much of the company's money flows through the chain? What are the implications to customers, revenue and cost when the chain is not reliable? How do quality or delivery problems impact the business? When the company innovates, how much does supply chain innovation and execution determine the success, failure or cost of those innovations? Is the supply chain robust and agile enough to deal with unexpected crises or market changes? These analyses highlight three things:

1. The strategic importance of the supply chain to business success,

¹ See Rogers & Lynch, White Paper: Supply as a Strategic Asset, SCMA-A, October, 2015

Supply Chain Management: Getting a Seat at the Table

2. Identifies both areas of excellence and needed improvement areas to Supply Chain Management,
3. Begins to identify elements of a value proposition to the company for Supply Chain's seat at the table.

This process also creates a pathway for internal customer endorsements of Supply Chain's value, enhancing the probability of gaining a seat at the table.

- **Customer Needs Drive Business Needs that must be Clear to Suppliers** For your strategic suppliers, tie the supply (upstream) end of the chain transparently to your (internal) business needs so suppliers understand what you (and your customers) really need; then tie your business needs in a transparent way to what the customer (downstream) end of your chain wants and needs so you understand what the entire value chain must deliver to sell your product in a way that allows you to capture some value (profit) while delivering strong value to your customers. These are elements that investors are looking for a company to deliver – it communicates that you are responsive to the needs of the market (which produces revenues). Focus your internal supply chain operations on effectively and efficiently using supplier inputs (through intelligent specification development) to deliver products for the customer (by intelligent value creation). This will require integrating competitive market intelligence along with a balance of healthy competition and cooperation so you retain your position as a preferred supplier to your customers. Collaboration is vital to unlocking skills suppliers hold – too often SC Managers see things as a *margin competition* between customers and suppliers instead of *value generation across the chain* enabled by smart collaboration.²
- **Chain Risk Management** Use the relationships developed in the process of tying your chain together from suppliers through to customers to develop a risk assessment and management system that incorporates knowledge from across the chain to identify potential risks. Then take the intelligent risks, manage those risks, create contingency systems to deal with potential disasters and establish resiliency plans for critical parts of the chain in the event of unexpected crises so serious business disruptions are minimized. Many risk management models neglect recognition of collaboration as essential in mitigation of risks, especially when complexity, ambiguity, uncertainty, or catastrophe comes into play.
- **Create a Value Proposition for Making the Supply Chain Strategic to the Business** Integrate the seven points above into a cogent value proposition for supply chain's importance

² We recommend a healthy balance between being collaborative with suppliers and keeping a healthy competitiveness to ensure relationships don't get so cozy that complacency sets in. Competition is the underlying value incentive because it counteracts complacency, which is the biggest pitfall of collaboration-only approaches. Keep suppliers on their toes, insisting on continuous improvements maintain the competitive edge, always avoiding complacency. Relationships are very important, but not sufficient to get major improvements year after year after year. Your supplier should enhance your competitive advantage, not diminish it. Benchmark the competition to determine if your supplier is giving you the best there is. Be cautious of single sources of supply long-term. Competitiveness does not imply being adversarial – you still want suppliers to be committed to your business– your business should be viewed by your supplier as a privilege, not a right.

Supply Chain Management: Getting a Seat at the Table

to your company and its value (strategically, financially and operationally) to the leadership and strategy development of the company going forward – i.e. a seat at the table. This requires clear links between Supply Chain initiatives and financial results along with analysis of the value from value drivers (speed, quality, reliability, safety, predictability, brand trust, etc.) and how it can tie to the business top and bottom lines (revenue, cost reduction, asset life extension, capital projects, etc.).

The bottom line of all these point is about two things:

- first, quantitatively develop a *compelling rationale for why the Supply Chain matters* to the firm's business success, and
- second, *build credibility by consistently delivering results and protecting those results by effective risk management.*

Results speak louder than promises. Clear identification of how the Supply Chain enables business initiatives and impacts corporate results creates the foundation of a value proposition for investing in the Supply Chain; thus making it a strategic asset that can enhance competitive position through lower breakeven points, increased revenue potential, and enhanced asset returns.

What to do with a seat at the table once you get it so that you keep it?

Too often, Supply Chain's case to have a seat at the table revolves around one major intervention which will typically deliver a step change in performance one time -- typically only cost reduction – but then returns to incremental improvement. The issue is: once you are at the table, Management's expectations are only going to (and should) increase. What is the next intervention that will deliver the next step change, and the one after that, and so on? A "one trick pony" will not keep its seat at the table.

So the question becomes: "Once you are there, then what?" The competitive world is dynamic, ever-changing, somewhat unpredictable (think of oil prices or business acquisitions), and technology and new innovations often shift the fundamentals of our business. In this context, Supply Chain Management must be ever-improving to maintain the seat at the table. Just being good is not good enough for the future – supply chain must continue to improve and evolve with the times.

An enhanced leadership role requires a number of new behaviors, while maintaining the most valuable of the old ones.

- **Maintain Credibility**
Results are what got you here, and they are critical to staying here. It is important to sustain the results that have been delivered; and establish new platforms to enhance those results from new sources and approaches within the chain – a pipeline of supply chain initiatives/interventions that make the company money.
- **Expand the Results Portfolio**
Often cost savings and avoidance are the initial ticket to a seat at the table. But once there,

Supply Chain Management: Getting a Seat at the Table

involvement with company leadership and other functions provides important perspective on other elements of the business model, which expands the definition of value that the Supply Chain can deliver beyond cost. Entities within the supply chain can enhance revenue generation, extend asset life, enhance customer satisfaction/loyalty, identify efficiencies in overhead and staff areas, etc. All these are elements of value, just like cost. Proximity to other parts of the company opens the door to a broader definition of value based on deeper understanding of the business.

- **Seek Internal Alliances**

The end to end supply chain contains skills and contacts that can be pivotal in helping other functions like HR, Marketing, Engineering and Finance with problems they encounter with their suppliers and external customers (i.e. their supply chains). Supply Chain has the opportunity to help them solve their problems, not by creating rules that must be followed, but rather by applying skills to enhance their functional results. This will encourage other functions to seek out Supply Chain earlier in their business processes – and allow Supply Chain to tap those functions to enhance Supply Chain capability (e.g. Finance and HR can provide expertise that can significantly strengthen Supply Chain’s organizational capability and thus its ability to deliver its results). Importantly, these alliances enable the application of a broader range of internal company skills (beyond Supply Chain skills) with suppliers and customers to better enable collaborative process improvements. This means supply becomes “connected to,” “working closely with,” and “cross-functionally valuable” to other core functions inside the business. Ensure the supply team purposefully links up with sales, engineering, operations, and development to understand their needs and find ways to create value. Break the silo mentality with strong integration to reinforce the alliance mentality.

- **Become a Trusted Advisor to Management**

The Supply Chain organization is one of the few that spends most of its time externally focused with suppliers and customers. It is uniquely positioned to access information and knowledge about markets, economic indicators, competitors and potential customers before anyone else in the company. This information is vital to helping the firm’s senior leaders develop and adjust its strategy – an early warning system for business planning on costs, supply availability, demand trends, overhead cost factors, managing the chain as a prerequisite to any major organizational changes. The ability to quickly access and deliver accurate information makes Supply Chain a trusted advisor to Management on the external environment which is critical to successful business strategy, profit and budget planning and strong predictive analysis that translates information into action. Supply’s ability to influence requires being both *trusted* and *valued* by others; if these two foundations are not preserved, supply will be marginalized. You know you are *valued* and *trusted* when people seek your counsel.

- **Build the Next Level of Supply Chain Skills**

The shift to a broader *value focus* requires a higher level of skills (collaboration, external economic forecasting, team building across companies, value creation, innovation management, etc.). The Supply Chain leadership team that helped get the seat at the table now must continue its development by identifying and acquiring the next level of value chain skills without losing

Supply Chain Management: Getting a Seat at the Table

the base skills that got them there in the first place. Once the leadership has those skills, the imperative becomes embedding them into the Supply Chain organization, adding to the organization's range of competencies to mine new value.

- **Tap Supplier Innovation** Suppliers are a potent source of innovation because they sell goods and services the company needs and wants, and often know their customers' operations well. Their R&D efforts are focused on their customers and have the potential to significantly improve the firm's results. The collaborative skills (the point above) are vital to accessing these R&D resources. Suppliers are also key to commercializing internal innovations as well. Innovation is the lifeblood of progress and accessing supplier core competencies in combination with internal technical capability creates a powerful force for cost, revenue and asset enhancing innovations that deliver lower costs or improved product quantity and quality. Supply often overlooks untapped innovation when tendering a request for bids; instead, ask for innovation, and not just technologies, but new processes, new delivery systems, new ways of connecting customers with suppliers, and new ways to speed up cumbersome methods.
- **Connect Senior Management with Supplier Senior Management** It is not uncommon for Senior Management to deal with external customers and investors, but supplier interaction is more infrequent. Rather than screening suppliers from company management, leading Supply Chain executives create opportunities for Senior Management to meet with and discuss company needs/wants and direction with their strategic suppliers. In advanced companies these meetings occur in one to one and supply forum (one to several) events and influence the investments suppliers choose to make for their preferred customers. Creating these kinds of opportunities is a trademark of Supply Chain leaders that have a seat at the table and therefore deeply understand their own company and the capabilities and external market knowledge of their suppliers. The ideas and exchanges from these meetings open new business opportunities for the company and help solidify Supply Chain's role as a trusted member the firm's top leadership circle.
- **Connect Members of the Chain to Deliver Integrated Results** Supply Chains often create value at the boundaries between firms – at the “interfaces” where capabilities match up and innovation can tap skills in multiple companies. While the complexity of connecting multiple companies (more than just one supplier and buyer) is geometrically higher than a simple one on one interaction, the potential value of such targeted multi-company interactions under the leadership of the owner of the chain is significant. Perhaps the clearest example is during major capital projects in which the owner, primary engineering contractor and strategic sub-contractors and material suppliers can deliver a much more successful project than when communication and especially planning is sequential – passing from one company to another. The same is true for maintenance activities and running complex operations. This higher level opportunity requires the next level Supply Chain skills mentioned above as well as well-designed governance systems both between individual members of the network and across multiple players. The key to managing complexity is to ensure high levels of collaboration, communications, and clarity of purpose. The benefits of these kinds of Supply Chain interventions are quickly recognized by Senior Management.

Supply Chain Management: Getting a Seat at the Table

Summary

The “seat at the table” proposition requires more than simply trying to convince Senior Management to invite Supply Chain to participate. The three questions above create an approach that can gain and sustain such a seat because they deal with both the realities of the current situation and the opportunities of the potential future.

1. Exploring “why not a seat” opens the door to some very **productive internal self-examinations** of the existing Supply Chain organization and its place in the firm.
 - Is part of the issue Supply Chain’s responsibility in terms of approach, skill level and track record?
 - Is part of the issue Management’s perspective and lack of vision about what a strong Supply Chain organization can mean for the company?
 - Or is it some combination of the two?

Regardless of exactly where the problem lies, this in depth exploration of the current “no seat” state leads to **a set of improvement areas** that need to either be completed or recommended in order to **create credibility** with Management going forward.

2. Getting a seat at the table requires *changing the mindset* of Supply Chain leadership to **align as a team** on how the broader organization can focus on delivering the kind of results **that deliver on the credibility promise** and add value to the company’s business. This requires in depth understanding of the company business and how its supply chain can enhance its competitive position (lower breakeven point, predictable project execution). It also **means raising the overall skill level of a critical mass of the total Supply organization** (not just leadership) so that those kinds of results are highly likely regardless of unexpected market or business changes, and a **true value proposition** for Supply Chain leadership as a member of the firm’s strategy development cadre because it makes sense for the business and Senior Management sees that.
3. Staying at the table means being more than a “one trick pony” because **a seat at the table implies ongoing contribution** beyond incremental improvement. This means *shifting the paradigm from being a supply chain to becoming a value chain* (E2E). That means adding the next level of skills to the organization and **developing a collaborative model** – both internally with other functions and externally with suppliers/customers – that can **unlock the value** of “higher hanging fruit” once the low hanging fruit has been picked. These skills and mindsets are vital to having a pipeline of initiatives from the supply chain (waste elimination, innovation, joint project management, etc.) that add to the value flow. Importantly it includes leveraging Supply Chain’s unique position as a boundary organization **to become a trusted advisor** to Senior Management on changes and developments in the market, external to the company.