Collaboration has become the driving force behind supply chain management excellence. In this article, we will look at how to define, sell, and manage change in supply chain.

Back in 1964, Bob Dylan's song "The Times They Are A-Changin'" captured the feeling that the world was entering a period of rapid transformation. The industries of Logistics, Supply Chain and Manufacturing have all felt this in a major way. Through massive advances in technology, expansion growth in the global development of economies and the reach of multinationals to new markets, the advancement of third world countries. All these factors and more have created an enormous pressure and appetite for change to the point were it is now accepted that a company’s ability to change goes hand in hand with their success.

Fifty years on from Dylan’s famous song; things are changing faster and more profoundly than ever before. Our thirst for innovation, knowledge and things bold and new seem to have no bounds. And nowhere has that occurred more dramatically than in the world of business, much of it propelled by the marvels of modern technology, the ‘cloud’ and devices we never dreamed about in 1964.
And this change has certainly had a significant impact on the role of supply chain management.

Since the 1960s, it has evolved from physical distribution to logistics to supply chain management. Supply Chain Management has progressed from a remote corporate necessity to a critical strategic component of commerce that has achieved global prominence in boardrooms and on Wall Street. Supply chain management has shed its dowdy image as a “cost center” in favor of the more glamorous one of “revenue generator.”

The key reason Supply Chain has become such an asset is because it can supply a very fast response to an organisation’s ability to react in the market place.

Almost universally, without regard to channel position, managers acknowledged that people are the key to successful supply chain integration. As one prominent Director of Supply Chain told me recently “People are the bridge or the barrier.”

Unfortunately, actual practice in the areas of hiring, training, motivating, empowering, measuring, and rewarding people does not support the rhetoric. From managers we talk to daily leveraging the human resource is often not a priority at companies pursuing supply chain strategies.

A recent research paper from University of Illinois found the amount of time and money spent by organisations to develop its people for supply chain collaboration pails in comparison to other budget expenditures—namely technology and alliance formation.

There are certain issues that must be dealt adversarial contract relationships, the fragmentation of the supply chain and resulting dispersal of information are all barriers to achieving an integrated supply chain.

**Improving Supply Chain Transparency**

The innovative use of IT can help overcome these barriers and improve supply chain transparency. ERP systems give us real time messages about business activity. This has been an immense advantage to implementing change as it offers instantaneous information on a range of business activity by offering improved:

- **Data Quality and Reporting**, a better CRM and therefore customer relations, better business analytics, which allow businesses to arrive at better business decisions.

- **Improved reporting**: eliminating inefficiencies as reporting follows an automated template system, allowing various departments to access information seamlessly.

- **Data quality**: As compared with manual recordkeeping or other traditional approaches, an ERP system improves data quality by improving the underlying processes. As a result, better business decisions can be reached.

- **Improved Data Access**: with the use of advanced user management and access control.

- **Regulatory Compliance**: Having the system in control means organisations can better com-
ply with regulations.

All the above points lead to a better supply chain with improved procurement, inventory, demand forecasting, etc., essentially improving the entire supply chain and making it more responsive.

**Why buy-in is critical**

However we can have the best ERP system in the world but as mentioned above, it is only as good as the staff that will use it.

If the leaders of an organization foster a company culture in which change is embraced and accepted, then it is a lot easier to mobiles a workforce to respond and adapt. This is very easy in theory but in practice, leading people through a change process unscathed is one of the greatest of challenges and the hallmark of only the very best people managers.

The key to achieving this is by understanding company culture. Needless to say every organization is different. Some of the characterizing and influencing factors that define the unique culture of a company include nationality, type of industry, the task the organization performs, the people working in the organization, and information technology. It is through first by having a thorough understanding of what the strengths and weaknesses of each one of these rivets are that a leader can formulate and tweak a strategy design for a culture that will accept change as a healthy part of corporate life.

The bedrock tools are embodied in training people through change whilst keeping communication channels open at all times.

**The role of training**

Traditionally training congers up expensive university courses and formal accreditation processes that are far removed from the workplace. The new wave of training however has evolved. The world, technology and business are changing at too fast a pace for formalized classroom teaching to adapt. Instead training is now skill-based and on the job. As mentioned above, proactive leadership is about understanding what is required. Training can be about communicating, informing and by doing so eliminating fear of the unknown and empowering people. Education can create the roadmap and vision for Supply Chain and engage a workplace at all levels in a common course. The way this training is manifest in a company will largely depend on the requirements of individuals and their unique company culture.

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It can include university tutorial or the classroom of the factory floor. Going back to the example of the ERP implementation, if there is targeted communication to staff explaining the need for the new system, addressing concerns, offering training tailored to meet specific requirements, then it is a lot more likely that the new system will be successfully adapted.

**Changing the focus from the inside to the outside world**

It is worth mentioning that it is not just corporations that are adapting this approach to training, shifting the importance from institutions to the workplace. Countries like Singapore have recently (June 2015) initiated a framework called SkillsFuture, a national initiative to encourage Singaporeans to develop industry-relevant skills by recognizing career progression based on skills and training, and promoting lifelong learning at the workplace. Australia has held a longstanding, skills based initiative called TAFE, which is focused on offering Australians the opportunity for ongoing vocational education in trades and skills based learning.

The constant stimulation proved by learning and improving reframes the narrative. Employees are no longer battling to maintain their status quo against the face of the unknown. Instead they are embracing a system that will improve their skills and situation with the support and information they need to make necessary decisions.

What then happens when a company tries to partner with another business, for example a logistics provider?

Often when this happens the two enterprises need to somehow marry different systems and processes in order to share information and achieved shared objectives. This can be disastrous from the outset if there is a misalignment between the two company cultures. However, success can be achieved if both institutions are committed to providing a continuous information flow between all stakeholders and if both companies agree to commit to providing timely and reliable data, in order to manage the supply chain. Of course technology plays a key role in this as they provide support in sharing information and implementing new processes and integrity, as previously mentioned.

In summary, a company can succeed in implementing drastic change in their supply chain function if there is a commitment to provide proactive leadership and the resources in training, underpinned by the in-
tegrity of good systems. However collaboration is the driving force behind supply chain management excellence. In these fast-changing times, the only way to tear down the walls that block collaboration is by recognizing the role that of people by energizing and winning over a workforce to embrace and prosper through the various hurdles and rewards that a change environment offers.

Author Profile

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Named by SCM World in 2015 as one the “Top 50 influential individuals in Asia’ Supply Chain, Manufacturing & Logistics industry”, Darryl is recognised as expert in the linkage of business strategy and supply chain best practices to human capital management. He brings 28 years of executive leadership and consulting experience and is regular contributor on thought leadership across numerous industry publications and is a frequent speaker at international conferences and events on business leadership, strategy & people alignment and talent management. He was instrumental in the creation of Logistics Academy and presently holds an advisory board appointment with industry group LSCMS. In 2014, he was appointed as one of five global experts to IATA’s Global Innovation Award selection board and has held senior executive positions within the airline, air cargo and aircraft leasing industry.