

Supply chains take charge

Moving fast toward resilience, sustainability, and the hybrid workforce

In December 2020, Chief Supply Chain Officers and Executives from 18 leading organizations, representing diverse and multi-industry global companies, joined the first IBM Think Circle virtually to discuss their experiences over the last year during the pandemic. These leading supply chain Thinkers shared both the challenges they faced and the strategies they're pursuing to embrace and reimagine a future—a future for a very different supply chain environment than they ever imagined before 2020.

Here's what they had to say.

The wake-up call

A Thinker in retail put it best: *"COVID was a punch in the mouth."* The 2020 pandemic forever changed supply chains, with crushing challenges common across industries. Yet, an underlying optimism emerged during our Circle, as supply chain Thinkers shared how the pandemic opened opportunities. *"The perfect storm created the perfect wake-up call."* Most are now accelerating digital transformation, removing legacy barriers and overcoming previous resistance to change, a happy coincidence also experienced by 66% of executives in a recent IBV study (see Resources).

Given that new position, Thinkers pondered how to orchestrate a great supply chain experience—one that will be adaptable enough for a disruptive future and still meet the most immediate needs of customers, employees, shareholders, and society.

"In the past, we've been motivated to play defense. AI and data now push us to play offense, move out of our comfort zones and see signals that look ahead and are surgical in their precision."

"We must shift our scale and balance—data can help."

"The pandemic also opened a 'seat at the table' in the executive suite for supply chain leaders, creating an opportunity to support greater customer, workforce, and ecosystem partner experiences—and with that, contribute directly to enterprise value and success."

"Greatness requires supply chain leaders to maximize service level and economic outcomes. We need to tap into brainpower that moves supply chains to take into account service level for customers and economic value versus links in the chain."

"Supply chain management has moved from just-in-time to just-in-case."

"We need educated visionaries in our organizations who will say 'time's up' around legacy systems of record and move toward systems of insight."

"We are converting to a mindset of value chain rather than supply chain to help people adapt as our business becomes digital."

The virtualization mandate

Supply chains used to be measured by perfection. Great ones will now be measured by their resilience and agility as they adapt and overcome. They will be powered by new technologies and data that capture market share through end-to-end visibility, which can be accessed from the factory floor, a delivery truck, or an AI-enabled control tower. A recent benchmarking study revealed that 71% of organizations provide visibility to actual supply and demand data in real-time—to a significant extent.

To enable this complete visibility, supply chains will need to be virtualized as a key ingredient of an organization's digital transformation.

Making supply chain work "cool" to attract next-gen talent

Great supply chains require great people, ready to be measured on outcomes, with skills and talent primed for the digital future. *"Establish a goal and allow everyone to be a decision maker."* In a recent benchmarking survey, on average supply chain managers reported 38% of supply chain personnel had skill requirement changes in the previous year. The war for talent is heating up—again—and supply chain leaders need to reinvent the way work gets done in order to compete. Most Thinkers indicated they are using data-driven, agile approaches as part of this reinvention.

Data-driven workflows create value by reimagining the way work is done, adding AI and automation to everyday tasks, insights, responses, and actions. *"Digital happens between the ears."* (See Resources for more information on intelligent workflows.) A Thinker in the electronics industry has hired 100 digital natives to help change the culture and mindset in the organization.

"We're shifting work from low value—moving data around—to high value—using data to make decisions."

Sustainability—required by any measure

Among other things, supply chains must be sustainable in a broad sense: long-lasting, stewards of the environment, and flexible enough to withstand disruption. According to a recent benchmarking study, 85% of supply chain executives consider environmental factors in sourcing decisions. And as an added bonus, a sustainability focus can help attract the next generation of talent (see Resources for more on sustainability).

All of the Thinkers recognized the importance of a continuing conversation around the creation of sustainable supply chains—which is the topic of the next Think Circle meeting on February 24, 2021.

"Sustainability can be an enormous motivator to anchor the next generation of staff around a purpose—this is a different approach from our historical focus on 'greatness' that comes from shareholder value."

"The connection between brand and sustainable supply chains is strong and growing stronger every day."

"A great combo is end-to-end visibility and sustainability—they go well together."

"If we get agility right, sustainability will follow, and technology is the enabler."

"Consumers are willing to pay a premium for ethically and sustainably created and delivered products."

"There is no vaccine for climate change."

A closing word: Now

The Thinkers agreed: This is a pivotal time to be working in supply chain. 2020—with its pandemic, social unrest, weather and environmental interruptions, and political uncertainty—shattered many supply chains and bent others nearly to breaking. In response, supply chain leaders figured out solutions, met demands, and earned a seat at the table, where they continue to influence and shape business decisions.

The increasing importance of supply chain management comes at a time when convergent technologies, such as AI, automation, analytics, cloud, blockchain, and IoT are proven, available, and scalable. As the Thinkers look ahead, they are integrating these technologies to make their supply chains digital, sustainable, and desirable places to work. Now is the time to keep thinking and keep talking so that we can keep supply chains essential.

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