

## Supply Management Agility Must Start with Your People

In their 2019 Annual CPO Study, which was released just a few months before the global COVID-19 calamity, Deloitte reported that the confidence level among CPOs on the ability of procurement teams to deliver on strategy had slipped from just 49% in 2018, to 46% in 2019. Specifically, the CPOs Deloitte surveyed felt that strategic sourcing and category management (68%) was the most needed training in terms of their team's hard skills, while business partnering and relationship management (64%) was the most needed training in terms of their team's soft skills. Reflecting on this should serve as a wake-up call for supply management organizations that truly wish to build resiliency and agility into their teams. New processes, methods, and technologies are certainly required as current and future catastrophes continue to disrupt, but it is also more critical than ever that companies make investing in the development of their procurement and supply chain teams a top priority.

- More tech won't solve existing poor stakeholder and teaming relationships
- Burnout from remote working has exacerbated the problem of low agility and resilience
- Individual and team coaching can also be affordable

Supply management leaders across the globe are faced with making what for many has amounted to a hard pivot toward building more resilience and agility into their organizations due to the upheavals caused by COVID-19. Sudden and large-scale disruptions with critical global trading partners and supply bases, along with domestic plant shutdowns stemming from quarantined workforces is a lot to deal with at one time, not to mention doing so during a period of extreme social and political discord. It's well-documented that people are just not wired to effectively process high levels of stress 24/7 for months on end. And the global trade disruption, at least, is not going away anytime soon. As McKinsey & Company reported in their August 2020 article, "COVID-19 and Climate Change Expose Dangers of Unstable Supply Chains," as much as \$4.5 trillion in annual trade could shift to different countries in the next five years or so, which is roughly a quarter of all global trade annually. The need for more responsive supply management functions, now and for the long term, cannot be overstated.

Yet responding to major supply management disruptions with more agility is hardly a new supply management challenge. Indeed, our friends at the procurement research firm, Spend Matters, have been covering agile procurement trends for several years now and for good reason: McKinsey & Company reported in the same article referenced above that shutdowns lasting a month or more occur every 3.7 years, on average and can erase nearly a year's worth of profits over the course of a decade.

So, what might a hard pivot look like for supply management leaders tasked with making their organizations more resilient and agile in such perilous times? **Some tactics espoused by McKinsey,**

**Spend Matters, and others include supply chain mapping, conducting stress tests, increasing supply redundancy across disparate geographical regions, and implementing new technological platforms**, to list a few. The question that I think deserves more attention is this: should supply management resiliency and agility really begin with processes, methods, and technologies? These are, of course, very important components of a forward-looking and cross-enterprise supply management strategy, but I contend that to do so effectively, an organization must first have the right people with the right skills and the right values in place to make their agile machinations succeed. Who in the organization has the expertise to conduct a supply mapping exercise, let alone a supply chain stress test? Does the supply management team have the kind of collaborative and trust-based relationships in place with their internal stakeholders and key suppliers to effectively pull off a massive re-configuration of their supply base? What new technical and analytical skills will be needed to get the most out of an “Agility as a Service” platform? Has the supply management team wholeheartedly adopted a set of shared values that give them purpose and drive autonomous agile decision-making, which is in lock step with the organization’s vision?

Corey Matthews

Former President, ISM-Dallas