



## Talent Development in Supply Management

### What Is Talent Development?

- What is talent development?
- In its purest sense talent development is managing and constantly growing the talent within your business. For example: investing in someone who is already within the business who has the ability and technical competence to do more but is being prevented from progressing because of the organisational structure or supply management strategy.
- In broader sense it is about creating an innovative and effective function which retains the best people within the business through succession planning, upskilling their ability and creating a progressive & evolving environment. For example: when the overall supply management strategy is changing such as from centralised to decentralised, or centre-led regional execution there may be an opportunity to bring in talent from outside the market sector with the intention of implementing market best practice (rather than sector best practice) and creating future opportunities to enhance both the supplier management strategy and the profitability of the business.
- Break into three things: talent attraction, talent management and talent development.

### Attraction

- To attract the best talent, the message to market is as critical as the immediate and future scope of the role.
- Interestingly, remuneration is a secondary consideration for most candidates.
- High performing professionals are often looking for the whole package: location, benefits, work/life balance and other considerations can be much higher up the list to today's candidates, and especially for senior professionals, who have many more opportunities open to them and therefore much more choice over who they work for. It's worth thinking about what your ideal talent would find attractive enough to leave their role for a new one, and if what you are offering clearly matches their needs.
- To quickly attract the best kind of talent, you first need to establish exactly what talent you need, for the procurement/supply management function and for the business overall. What skills, knowledge and behaviours do you need? Do you need interim or a permanent talent? How will the new hire fit into your business? What do you want from them immediately, and then after year one, and every year after that?
- Hiring a specialist recruitment agency will enable you to get new talent in much more rapidly and will ensure that you have the right person for the job.

## **Management**

- Once you have attracted the individuals from the external market, it is important to retain it. Where a lot of organizations fall down is after the initial burst of energy and embedding talent within the business, things can slip back into a business as usual environment and that talent can on occasions merge into the standard structure and format already present within a business. What happens then is that this person gradually loses their impetus and becomes less invested in the future opportunity, and therefore ultimately becomes disenfranchised. High-performing individuals need to feel confident that their efforts and successes will be recognised and serve as catalysts to lead them towards more advanced challenges, exciting opportunities and higher career progression.
- So the key to success is about how you maintain that individual's talent and interest and develop it, working with them to align their goals with that of the company to make full benefit to that person and the business.

## **Talent Development**

- Attracting and maintaining exceptional talent is of pivotal importance – but this ultimately means nothing to your business if the talent leaves the organisation or if their full potential is not realised. You can develop your people in four main ways:
  - Stretch them by giving them scope to be creative and innovative within the overall framework.
  - Give them the opportunity to influence that overall framework.
  - Give them the accountability and therefore the ownership of the output.
  - Then show them the path for further progression: where they can go once they've completed their objectives, and what they will need to accomplish to get to the next stage of their career path.

## **Why is Talent Development Important for your Business?**

- Your people are your biggest asset: your existing and new talent will have a massive direct impact on your business profit and loss.
- Even if you're hiring great talent and they have immediate impact, if the progressive nature of their role and their influence diminishes, you end up standing still as a business in terms of profit and loss. As a workforce you start to stagnate or plateau at best, and then you become ripe for other more innovative, creative, growth-oriented businesses to come and cherry pick your best people. If the profit and loss plateaus or plummets, the money for the investment of talent diminishes. Therefore you cannot get that fresh blood again, and you end up with cycle you were in before you got the external talent.
- High performers quickly become disillusioned with career succession planning if it is not tailored to include their needs and professional goals, the plan is not realistic or involves little practical and reliable support or ultimately if there is no tangible progression. Then they will start to proactively source new opportunities, therefore taking their talent out of the business. The ripple effect will be that the market perception of the business diminishes, the internal perception of the business diminishes, and the profitability of the business diminishes.

## Talent Development in Supply Management

- Three pillars to supply management: procurement, supply chain and logistics distribution elements.
- Even if you get the best talent in procurement so that you have the most profitable contracts, if the product cannot get to the consumer the contracts become worthless. A critical part of any manufacturing business is the supply chain – that's why all people throughout procurement, supply chain and logistics and distribution need to work together and interface together. For example, your procurement team needs to understand the pressures of performance and the logistics have to feed into supply chain cart to ensure logistics and distribution is fit for purpose.
- In addition, an innovative and effective supply chain working at its optimum will have as much possible impact on the profit and loss as procurement and sales.

## International Talent Development Success

- There are many factors that industries in Asia need to consider in developing their talent, with an important one being the growing migration of workforces across the world. China used to be go-to place for manufacturing but due to its higher profile in the world political stage, basing your manufacturing functions in China has become increasingly expensive. Manufacturing functions based in China are required to offer higher wages with increased working rights: the diminishing profitability that results is encouraging big companies to look at other global locations for their manufacturing functions in order to increase profitability.
- Higher manufacturing costs are also playing a part in the decision of many companies in Asia to specifically look to increase their overall efficiency. Salaries are also growing, with less focus on cost: leading businesses are not just interested in saving money but also in creating products and services of high quality to maintain a strong place in the international market. Innovation, which we know is becoming a huge global trend, will also benefit the whole supply chain, particularly procurement, in developing new ways to increase efficiency whilst delivering high quality goods and services.
- Increasing numbers of businesses based in Asia are experiencing significant shortages in skills, particularly of employees with LEAN experience in the end-to-end supply chain. Companies can compensate for this skills shortage and dramatically improve the quality and efficiency of its workforce in two ways. In the short term, hiring senior ex-pats will bring in skills and experience from across the globe, gaining an instant advantage over local competitors and a very rapid advantage over its international competitors, significantly helping to boost global market share. In the longer term, investing in upskilling the local workforce will boost a business' own workers to that of a global standard and strengthen its teams from within.
- Several global companies are already enjoying the benefits of developing the talent across their supply management functions. Astra Zeneca was a pioneer in its industry by emphasising the importance of LEAN skills and implementing the methodology into their entire supply chain to make them efficient from day one. Nike has also sustained its place in the market and maintained its strong competitive advantage by recognising the importance

of ethics across its supply chain and particularly in manufacturing. Global companies across Pharmaceuticals and Health are seeing particular improvements to efficiency and innovation by developing their supply management talent, with big names including Teva, Roche and Solvay.

## The Future

- The duck on this slide symbolises how businesses must effectively manage and invest in their supply management teams. Procurement and supply chain functions are core to business – they drive efficiency, innovation, savings and ultimately profit – and really are the ‘unseen engine room’ driving every business from underneath.
- There are several current and approaching trends both in supply management and talent development that will affect the profitability and growth of businesses globally in the next few years. The most pressing changes include a relatively constant amendment of the procurement and supply management strategy itself. For example, the supply management function and strategy continually moving through phases of centralising/ decentralising/ centre-led regionally executed. The supply management strategy is cyclical: every time a new CPO or relevant member of senior management comes in to the organisation, they will usually choose to make drastic changes across the function. As a business you can expect to be presented with this challenge every 3-5 years as management changes: for example, an organisational switch between insourcing and outsourcing, global or regional outsourcing etc.
- The globalisation of physical supply chains and therefore consumer base will place increased urgency on generating demands for your goods and services, highlighting the significance of effective management of all elements, for example product design, to ensure you keep up with the global competition.
- The focus and spotlight on emerging markets is set to widen – for example, India is rapidly growing as an export market. Going forward countries such as India will predominantly be exporters rather than importers. This will coincide with the reallocation of the labour force, as previously mentioned, which has been seen in the UK over the past few years where manufacturing has been pushed to China, and China are now outsourcing to African countries because they are cheaper.
- There will be increased investment into sustainable relationships that create multiple layers of value rather than just cost improvement. Businesses are increasingly aware of the direct financial value and less immediately tangible but still valuable benefits of every area of the supply management function, and seek to build and improve more sustainable relationships with all suppliers and stakeholders to capitalise on these benefits.
- So how can you weather the business-critical changes we’ve discussed? One answer is by engaging and retaining interim management and executive search industries – particularly with a niche specialism in your industry. Recruiters by nature are constantly up to date with every trend that may affect your team and your business, so they will not only be able to

provide you with the talent you need currently but also predict the skills and experience your business will benefit from in the next few years.