Chapter 20

Supply Chain Leadership

What is supply chain leadership? What does supply chain leadership have to do with operations management? Every year AMR prepares a list of the “Top 25 Supply Chains.” Is supply chain leadership related to making this list? Or is supply chain leadership about making it to the Corporate Level positions as insinuated by a recent magazine article?

This chapter will provide a definition of supply chain leadership as originally put forth by the Supply Chain Leadership Institute in 2001 and will provide a framework for looking at supply chain leadership.

Figure 20.1 City Point, VA; The Location of the Largest Supply Depot for the Union Army During the American Civil War

From this very position shown in Figure 19.1 in City Point, Virginia, General Ulysses Grant learned the value of supply chain leadership as his Army developed the largest supply
chain operations in the American Civil War to support the siege of Petersburg and the eventual defeat of the Army of General Robert E. Lee and the Confederate States of America.

Supply chain leaders must provide purpose, direction, and motivation to their supply chain employees. As a recent picture of my GPS shows, sometimes even products considered world class do not provide this needed direction—you will note that my GPS has me going two directions at once to get out of the drive through window. The directions from a supply chain leader need to be clearer to the employee! The directions from a supply chain leader need to be clearly stated, clearly articulated and clearly understood by everyone that is impacted by the directions. Each employee needs to know what they need to do, why they are doing it and when it has to be completed.

Figure 67.2: Confusing Directions from GPS

“Leadership must be demonstrated, not announced.”

—Fran Tarkenton, National Football Hall of Famer
When President Ronald Reagan was shot in 1981, Secretary of State Alexander Haig stated, “I am in charge here.” Using the guidance of Fran Tarkenton, if Secretary Haig was truly in charge, he would not have to announce it. The same problem seems to arise whenever there is a crisis, someone wants to tell everyone that he/she is in charge of the situation.

**What is supply chain leadership?**

What is supply chain leadership? Is it leading one of the Gartner “Top 25 Supply Chains”\(^{132}\) or leading a supply chain company? Is being on the list of Top Supply Chains truly about leadership? One prominent magazine had an article in 2008 that insinuated that to be a “supply chain leader” one had to be a “C-Level” executive or part of the corporate board of a supply chain company or the Chief Supply Chain Officer. Is that really supply chain leadership?

In a presentation in 2002, the Director of the Supply Chain Leadership Center proposed that the time had come to move from simply supply chain management to supply chain leadership. In that presentation, he defined a supply chain leader as one that leads the people that are working in a supply chain.

In order to best define and study supply chain leadership, it is first important to set a foundation that includes a definition of leadership. Is leadership the same as management? Most discussions of supply chains would lead one to believe that the two may be the same.

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\(^{132}\) For more on the Gartner “Top 25 Supply Chains” go to [www.gartner.com](http://www.gartner.com)
Dictionary.com defines leadership as: “the position or function of a leader.”\(^{133}\) The Webster online dictionary defines leadership as: “the act or an instance of leading.”\(^{134}\) Neither of these definitions really gives us a good foundation to define what leadership really is. The US Army defines leadership as: “Leadership is influencing people—by providing purpose, direction, and motivation—while operating to accomplish the mission and improving the organization.”\(^{135}\) This definition gives us a little more to work with in establishing a foundation for studying supply chain leadership.

Regardless of where you are in the supply chain if you can provide your employees with purpose, direction, and motivation you will most likely get the mission of the company accomplished. If the mission is accomplished and the employees are motivated, the chances are good that the company will be improved.

The biggest mistake that people make in regard to leadership is: believing that they lead a company, department or unit. What they lead are the individuals that make up the enterprise or supply chain.

Supply chain leadership is about the people in the supply chain and getting those people to do their very best every single day. That is why there is a difference between supply chain management—managing the operations of the supply chain and supply chain leadership—leading the people that are making supply chains function. The difference between good and great supply chains is leadership. To make the Gartner list of Top Supply Chains requires leaders

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that can and do get the best out of the people that make up the supply chains of the companies on the list. However, there are supply chain leaders in smaller companies that will never see their company on the Gartner list.

Before we get deep into the look and study of supply chain leadership, as part of our foundation, let’s look at management. We have spent a lot of time discussing project management, process management, supply chain management, warehouse management, and inventory management. How does management differ from leadership? Management is defined as: “the act or manner of managing; handling, direction, or control; the person or persons controlling and directing the affairs of a business, institution, etc.”\(^\text{136}\) This is a very nebulous definition and does not really distinguish management from leadership. The bottom-line difference between leadership and management comes from a discussion with a former military professor that I had in college. LTC Billy Baucom was the first person to explain the difference between leadership and management in a way that made sense to me — “You lead people and you manage things.” That being the case, supply chain leadership differs from supply chain management in that supply chain management deals with managing the supply chain activities and affairs as alluded to in the definition of leadership. Supply chain leadership deals with leading the people that make up all of the activities and organizations that are involved in supply chain operations.

Having defined leadership and management, we need one last piece to form the foundation of our study of supply chain leadership. That missing piece is to define what

leadership is not. Contrary to popular opinions, leadership is not about telling people what to do. Leadership is not about the leader. Leadership is not about the leader’s career. Leadership is not about arrogance, although looking at some people placed in leadership roles, it is hard to realize that. Leadership is certainly not about the leader’s ego. Overheard a few years ago from a person in a leadership, “I don’t care how you do it as long as you make me look good.” That is not leadership, that is arrogance and ego getting in the way of taking care of people and providing the proper motivation.

With this dichotomy between leadership and management established, it is time to look at supply chain leadership and its relationship to the operations management chain. What defines a supply chain leader? What are the qualities of a supply chain leader than enables him or her to lead the employees of his or her supply chain to new levels of excellence?137 Supply chain excellence is the result of good supply chain leadership. The following discussion looks at the attributes of world class supply chain leaders as shown in Figure 20.3

137 Modeling and Benchmarking Supply Chain Leadership, Walden, Joseph L., CRC Press, 2009, provides a very detailed look at the qualities and attributes of supply chain leaders. The Supply Chain Leadership Institute first presented the concept of supply chain leadership in 2002 as the next evolution in supply chains as the industry moved from supply chain management to supply chain synthesis to supply chain leadership.
Loyalty, Respect and Character:

Every leader of supply chains must develop loyalty among his/her employees. In doing so the leader has to not only show respect but also command respect from his/her employees. Loyalty must be earned by the leader. During certain periods of history, the loyalty of the soldiers could be bought by either side. In today’s sporting world also, as demonstrated by recent free agent deals, loyalty can be bought. In today’s supply chain, loyalty must be earned, and loyalty must be demonstrated. In order to be successful as a leader of the employees in a supply chain, the leader must demonstrate to his/her employees that not only does he/she expect loyalty but must prove daily that he/she is loyal to them. A “leader” that does not demonstrate loyalty cannot achieve supply excellence.

Like loyalty, respect has to be earned. And earned every day. As a leader it is important to remember that respect must be given to be received. As a supply chain leader, it is important
to remember that the ultimate reason for having a supply chain is to provide goods to the customer. In order to attract and retain customer loyalty, the supply chain leader has to give respect to the customer and to the employees of the supply chain. There is more than one form of respect. There is respect that goes with being a supply chain manager, a branch chief, or a division chief—this is positional respect and usually is tied to the job or job position and usually does not transfer when the employee transfers to a new position. This is also referred to as professional respect.

The more important form of respect is personal respect. Personal respect is given regardless of the position or company. Personal respect follows a leader from position to position and remains even after the job is finished. This form of respect attracts and retains quality employees and attracts and retains loyal customers.

If the employees do not feel like the leadership is showing respect and loyalty to them, they will not help in developing loyalty and respect for the customer. And without customers the supply chain link is broken, and the company goes out of business.

It is important to remember in supply chains that loyalty and respect must go up the supply chain and down the supply chain.

What is character? How does this fit with loyalty and respect? Character is how you act when no one is watching. Some folks have their professional appearance but their actions away from work are just the opposite of what they appear to be at work. How you act when no one is watching or when no one else will know is the mark of your true character.

**Ethics and Honesty:**

In supply chains there is no more important value or attribute than ethics and honesty. Buck O’Neil, former Negro Leagues Baseball Player and Manager, said that when he was
growing up his father told him, “Always tell the truth and if that is not possible, tell the truth anyway.”138 Not only is this good advice for life but very good advice for the supply chain leader. If the supply chain leader wants to attract and retain quality employees and customers, he/she has to demonstrate honesty and ethics in every action and transaction. We discussed the importance of ethics in Chapter 3. The importance of ethics in decision making is just as important in supply chain leadership. Without ethics, a supply chain manager will never become a supply chain leader. Without honesty there can be no trust, without trust a supply chain cannot be successful.

Without trust, ethics, and honesty that particular link becomes the weakest link in the supply chain and the reaction from supply chain partners will be the same as the response on the British-imported television show, The Weakest Link. For those that have not seen that show, the hostess of the show dismissed the contestants voted off the show with the words, “You are the weakest link, Goodbye!” The last thing any supply chain leader wants to hear from their supply chain partners is those words. Honesty, ethics, and trust will prevent the leader from hearing those words.

Every supply chain is built on trust—trust that the proper item will be delivered in the right quantity; trust that the right quantity will be delivered to the right location at the right time and in the right condition. Regardless where you are in the supply chain you are dependent on

138 For more information on the Negro Leagues Baseball history and the Negro Leagues Baseball Museum in Kansas City, Missouri, go to http://www.nlbm.com. Buck O’Neil not only played in the Negro Leagues, he also managed the Negro League World Series Champion Kansas City Monarchs and was the first African American coach in the National League as a coach for the Chicago Cubs.
that trust whether you are a supplier, manufacturer, carrier, or the ultimate customer. Honesty and ethics are critical to establishing and maintaining that trust.

Attitude and Accountability:

What does attitude have to do with supply chains and supply chain leadership? Everything! Sam Walton stated in his autobiography, *Made in America*, that it takes about two weeks for the attitude that a leader shows toward his/her employees to show up in the attitude that the employees show toward the customers. Former Philadelphia Eagles/St. Louis Rams/Kansas City Chiefs Head Coach, Dick Vermeil, once stated that a bad attitude is like a cold and easy to catch—the same is true for a good attitude. What attitude do you want your employees to catch?

How many times have you heard someone say, “You have an attitude?” Of course, you have an attitude. The question is as a leader do you display a good attitude or a bad attitude for your supply chain employees to catch?

As a supply chain leader, it is important to display a positive attitude for your employees as well as for your supply chain partners and customers. As a customer who would you rather do business with the positive attitude supplier or the supplier that has an attitude that reminds you of Eeyore? As a supply chain employee, who would you prefer to work for a supply chain leader with a negative attitude or the positive, enthusiastic supply chain leader that establishes an atmosphere where everyone wants to do business with the company and all of the employees look forward to coming to work every day? The supply chain leader can and does establish this environment for the entire supply chain and for all of the employees that he/she leads.

What about accountability and supply chain leadership? Supply chain leaders have to be accountable to their supply chain partners. Accountability ties back to the previous discussion
about trust. In addition to honesty, accountability helps to develop the trust necessary to be successful.

However, accountability for supply chain leaders also means being accountable for their actions. A recent incident concerning the Athletic Director of a major university demonstrates a lack of accountability. This particular Athletic Director was picked up for suspicion of driving under the influence of alcohol—rather than taking accountability for his actions, he kept telling the police who he was as if that should be an excuse or a reason for letting him go. A supply chain leader admits when he makes a mistake by taking accountability for his/her actions.

In addition to taking responsibility and accountability for his/her actions, a good supply chain leader also accepts responsibility and accountability for the actions of his/her employees. By shouldering the accountability for the actions of the employees, the supply chain leader establishes an atmosphere where employees do not fear making a mistake. When employees do not fear making a mistake, they are motivated to take actions that will benefit the company and the customers. This leads to more satisfied customers and more successful supply chains.

**Devotion, Dedication, Determination:**

The job of a supply chain leader never stops. This coupled with the complexity of global supply chains and the desire of customers to have the product NOW, places a great deal of stress and demands on the supply chain leader.

The demands on the time of the supply chain leader require a devotion not only to the supply chain and the accomplishment of the missions and goals of the supply chain, but also a devotion to the family and friends of the supply chain leader. Everyone in every line of business talks about the need to find a balance between life and work. And everyone that preaches this usually violates what they preach. It is a classic case of “do as I say, not what I do.” As a supply
chain leader, it is important to set that example for employees and supply chain partners to emulate. Finding the balance between quality time with your family and friends is not an option. The job will be there when you get back, but the family and friends may not be there when you finally find the time to find a balance. I have watched folks go through two, three, or four families before they wake up and realize that being a workaholic is not healthy. Too many supply chain leaders seem to think that they are irreplaceable. Try putting your finger in a cup of coffee, and then pull it out. How big a hole does it leave? Everyone can be replaced. If a leader is doing their job right, they will train their employees and then trust the employees to do their jobs even in the absence of the leader.

Dedication is an attribute of supply chain leaders. Supply chain leadership involves dedication to taking care of the customers; dedication to taking care of their links in the supply chain to ensure strength in the links; dedication to taking care of their families, and dedication to taking care of their employees.

Determination is required of supply chain leaders in order to lead their links in the supply chain to new levels of excellence. Determination is the attribute that enables supply chain leaders to set goals, establish the vision for the future and then set the conditions for the achievement of the goals and vision. Determination is the attribute that focuses the supply chain leader on not only setting the goals for the supply chain but also the achievement of those goals. Determination is also the supply chain leadership attribute that keeps the supply chain leader focused on making ethical decisions.

You need to always have goals to work towards. You need short term goals and long term goals. These goals have to be SMART goals. By SMART goals, I mean

Specific – be as specific as possible about what you want to accomplish
Measurable – if you can’t measure it, how will you know when you have achieved it?

Achievable – don’t sell yourself short by setting easy goals but make sure that they are achievable. This ties to the next aspect.

Realistic – don’t set your goals to be the CEO of the company the year that you start with the company unless it is your own company that you are starting. You have to work for your goals. You have to decide what you are willing to do to achieve them.

Time based – set a timeframe that you want as the target to achieve each goal and write it down.

**Employee Recognition and Retention:**

Many companies discuss their employee turnover rates which are really a direct reflection of the leadership of the company in most cases. A more positive spin from a supply chain leadership perspective would be to discuss employee retention. What are you doing as a supply chain leader to keep your quality employees? Employee recognition may be the key to retaining your quality supply chain employees. How much does it cost to catch employees doing something right? Remember the discussion in Chapter 4 about Deming’s 14 points? One of those points is to create employee pride. By recognizing your supply chain employees, you can develop employee pride.

In the Army we give out “Commander’s Coins” to recognize employees for doing something outstanding. The growth of coins became a challenge for the Soldiers to get caught doing something right. The coins as shown in Figure 20.4 shows some of the coins that I passed out as a commander. They have no monetary value but are valued by the Soldiers receiving them
and played a big part in motivation, pride and retention of Soldiers. What can you do to recognize your employees to help keep them motivated and feel appreciated?

![Commander Challenge Coins](image)

**Figure 20.4: Commander Challenge Coins**

One method of recognizing supply chain employees and developing employee pride is by “naming the aisle” in the distribution center. This is a very simple process—every aisle has a team that is responsible for the maintenance, housekeeping, and inventory accuracy for the aisle. The team may also be responsible for the picking of the items from customer orders that come from the supplies of that aisle. By placing the team name or the supervisor’s name on the aisle and a board is displayed with all of the metrics that the distribution center is using for inventory accuracy, location accuracy, pick rates, pick accuracy, and so on. Not only will this enhance employee pride (one of Deming’s 14 points) but will also stimulate some internal competition to become the leader in the metrics “game.”

Recognizing employees in front of their peers goes a long way in retaining quality employees. The recognition may be as simple as the aisle naming. Some companies that I have visited have passed out dinners for the worker and their significant other, movie tickets or tickets
to sporting events for employees that have done something extraordinary. The key is that the recognition has to be timely and should be made in front of the coworkers so that the coworkers see what they can expect if they give the extra effort.

Trying to understand the employee is another technique for enhancing employee retention. What motivates your supply chain employee? There is not a one-size-fits-all motivation technique. One of Steven Covey’s 7 Principles of Highly Effective People is to seek first and then be understood. This is similar to our approach of walking the process to understand what is being done before making changes. Applying that principle to the art of supply chain leadership means that the supply chain leader gets to know his/her employee in order to understand the employee and what motivates the employee. Understanding what motivates each employee will enable the supply chain leader to increase employee retention which will have a collateral benefit of increasing customer loyalty and retention.

**Responsibility:**

A supply chain leader takes responsibility for his/her actions as well as the actions of their supply chain employees and the actions of the boss. Just exactly what does this mean? Let’s break it down.

Taking responsibility for your own actions means being able to admit when you are wrong. Taking responsibility for the actions of the boss is necessary to display loyalty. How many times have you heard someone say, “I told the boss that this will not work but he said do it anyway?” So, what happens? The project or product fails and then the supervisor shifts the blame to the boss. Not only does this display a lack of respect and loyalty, but it also sets the

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139 Covey, Steven R., *Seven Habits of Highly Effective People*, Simon and Schuster.
example and atmosphere that tells the employees that the supervisor will not back the employee if something goes wrong.

Taking responsibility for the actions of the employees tells the employees that the supply chain leader will support the employee even if something does not go according to plan. This sets the atmosphere where the employees realize that they can take some risks without getting chopped off at the knees for taking an action.

Although the supply chain leader takes responsibility for the actions of the supply chain employees, he/she should be quick to pass along the praise for the program or product to the employees rather than taking the praise for him/herself.

**Self Confidence and Self Knowledge:**

As we mentioned in what leadership is not (and bears repeating here), leadership is not about arrogance or ego. However, supply chain leadership is about self-confidence. Self-confidence comes from knowing your business. This is not an “I know it all” attitude; this is about knowing your job, knowing your profession, and knowing the jobs of your employees. The combination of knowing your profession—possessing technical skills and proficiency—and knowing the jobs of your employees gives the supply chain leader self-confidence. A leader with self-confidence will inspire confidence and self-confidence in the supply chain employees. This enables the leader and the employees to take the company/department/division to new heights of excellence. Self-confidence leads to competent and confident leaders and employees.

Self-Knowledge is based on the words of Sun Tzu: “**Know yourself and know your enemy and in 100 battles you will be successful.**” A supply chain leader has to know himself or herself. This includes knowing the leader’s strengths and weaknesses. Every leader should conduct a personal Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis of
his/her strengths and weaknesses in order to “know yourself” and to identify personal opportunities and threats to “know your enemy.” Armed with this knowledge, a supply chain leader can establish a program of self-development to improve his/her weaknesses and strengthen his/her personal strengths.

Humor:

*Readers’ Digest* has long held the position that “Laughter is the best medicine.” Laughter and fun in the workplace is also good medicine for productivity and achieving excellence. In the supply chain world, it is important to have fun at work. Let’s be honest, one of the most mundane jobs in the supply chain world is driving a forklift. But driving a forklift can be fun if some little competition is put in the workplace. In Kuwait at the Department of Defense Theater Distribution Center, I would challenge the workers to a “game” of who could properly load the trucks the fastest. This made work a little more fun for the full-time forklift drivers—everybody wanted to beat the old man on the forklift. It also provided an extra motivation to the workers.

When we talk about humor in the workplace, we are not talking about the kind of humor that offends others. This type of humor has no place in any workplace, especially the supply chain workplace. What we are talking about for the supply chain leader is the ability to laugh at yourself. All of us have done something stupid or not real smart and have been observed doing this in some cases by our employees or fellow workers. The key is—would you prefer to be laughed at or laughed with?

Take your job very seriously. But do not take yourself so serious that you cannot laugh at yourself!
**Integrity:**

Like honesty and ethics, this is the most important of the supply chain leader attributes. Without integrity a leader does not possess the ability to be a successful supply chain leader. Integrity cannot be compromised and without it there is no leadership. You may fool others but the person looking back at you every morning in the mirror knows if you have compromised your integrity and the integrity of your company. Is any deal worth compromising your personal integrity for? All you really own is your word and your integrity—why would you want to give that away?

If you have integrity, I can train you to do any job in the supply chain world. But, if you don’t have integrity, I don’t care how talented you are. If I cannot trust you, I will not hire you.

**Professional Pride/Passion/People:**

One of the most important roles of the supply chain leader is to instill professional pride in his or her employees. Remember one of Deming’s points was to instill worker pride. Every product your supply chain delivers has your company’s name on it—even if the delivery is made by a Third-Party Logistics Provider or contract carrier. Therefore, it is important to not only instill pride in your link in the supply chain but also in all of your supply chain partners. Good or bad your name is on the product, which do you prefer: having the professional pride to put your name on the product because it is good or be known for bad products or bad customer service? The choice is up to the supply chain leader.

Passion is a critical attribute for any leader but for the supply chain leader it is even more important. We are talking about a passion for getting the job done, a passion for taking care of the customer, a passion for the job itself, and a passion for taking care of people.
The passion for the job is the easiest—as everything in the world is supply chain connected, it is not hard to get excited about supply chain operations. What other profession in the world has direct impact on customers every single day? A recent article on the impacts of the corona virus summed up the article with the words: “it is the medical profession that will save lives... but it is the supply chain management profession that will save our livelihoods.”

If you are not a supply chain major, the question is still “what makes you happy?” The job may not be the highest paying job but if you are not enjoying what you are doing you will be miserable. Find a job that you can be passionate about and then work to become the absolute best at that job.

Passion for getting the job done is connected to the passion of working in the supply chain. The passion for taking care of people is the cornerstone of leadership at all levels. All too often, leaders lose sight of this purpose and start believing that they are more important than the people that they are leading. Never lose the passion for taking care of employees.

People are the foundation of every organization. Regardless of what business a leader may think that he or she is in, you are in the people business. Supply chains are people oriented or at least they should be. And any business that is people oriented requires a passion for taking care of people. When people are involved, as they are in supply chains, leadership is necessary. In the supply chain world, there has been a great emphasis on automation and information systems, but the foundation has to be a passion for taking care of people.

**Summary**

*A life is not important except in the impact it has on others’ lives”*  
— Jackie Robinson
Leaders have the mission of impacting the lives of others. Supply chains by their very nature impact the lives of the customers. Supply chains are inherently complex, and the globalization of supply chains has placed a greater reliance on automated systems. This focus on systems and systems architecture in some companies has put the most important resource of supply chains on the back burner. The most important resource in a supply chain organization is the people. As supply chain leaders we are in the people business. People require leadership and supply chain leaders must possess certain qualities, attributes, and values as discussed in this chapter in order to lead the people of their supply chain organizations to new levels of excellence.

The qualities, values and attributes form what the Supply Chain Leadership Institute calls the “House of Quality.” This house takes its inspiration from the quality tool known as the house of quality and looks like the depiction in Figure 20.5.
Figure 20.5: The House of Leadership
Discussion Questions

1. Is there such a thing as situational ethics for a leader?
2. How is professional pride fostered in your organization?
3. Think about a situation at a job that you have worked at that could have benefited from a focus on people rather than a focus on profits.
4. Why is leadership so important to supply chain operations?
5. If you scored yourself on the attributes of leadership, how well would you do?
6. Use these attributes to develop a plan to improve your personal leadership skills.
Professional Organizations

**Association for Supply Chain Management:** this organization provides free membership for students and is the largest professional organization worldwide for supply chain and operations management. [www.ascm.org](http://www.ascm.org)

**Council of Supply Chain Management Professionals:** another very good professional organization with good networking opportunities. [www.cscmp.org](http://www.cscmp.org)

**Institute for Supply Management:** this organization focuses mainly on procurement and also provides free student memberships. [www.ism.ws](http://www.ism.ws)