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Gartner for Supply Chain Leaders

Supply chain employees will leave. Embrace the turnover

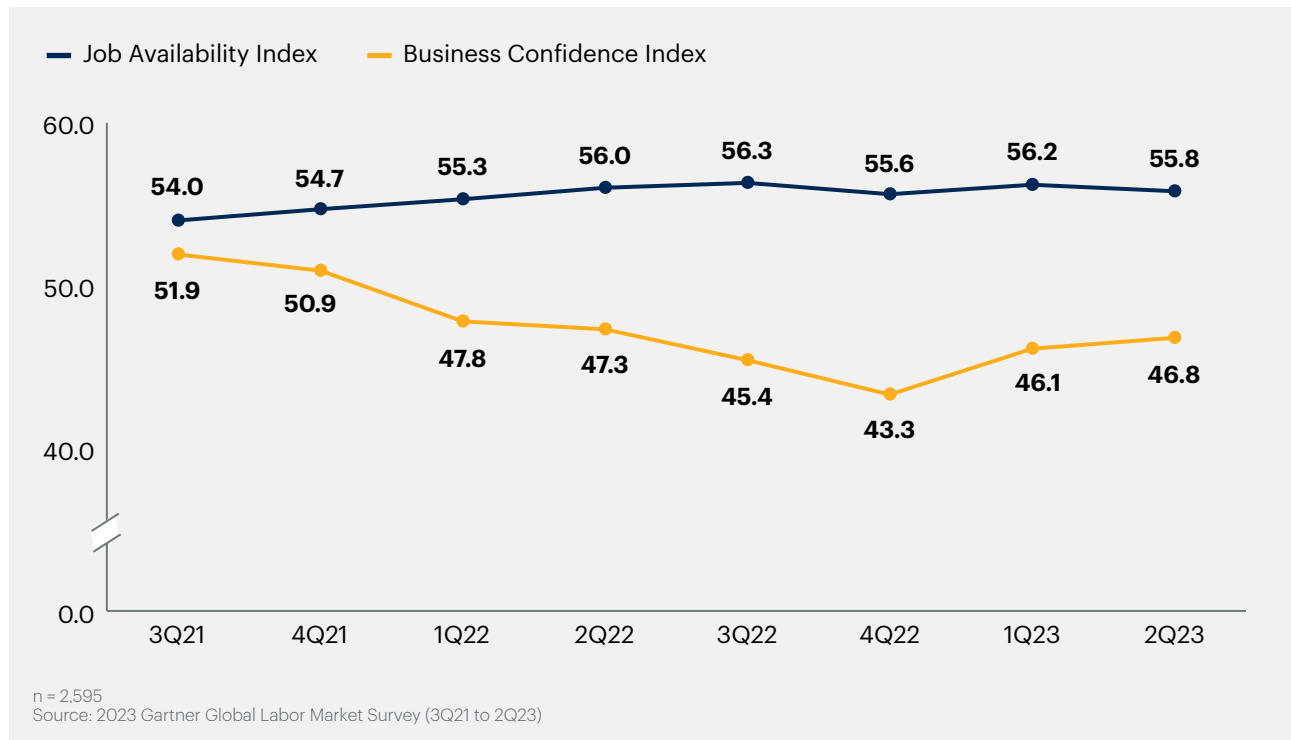


With labor shortages, low employee engagement and retention challenges, turnover is here to stay. But what if embracing it has its benefits? CSCOs seeking to thrive in this environment must adopt three talent shifts to translate turnover into a competitive advantage.

Introduction

For chief supply chain officers (CSCOs), a significant obstacle to success is employee turnover. Even as movement within the labor market appears to cool, and despite economic uncertainty, supply chain employees across the globe remain confident in their ability to find a job elsewhere (see Figure 1) and are departing for new opportunities.

Figure 1. Job Availability and Business Confidence Indexes (3Q21 to 2Q23)



Almost two-thirds of supply chain leaders (65%) say that the benefits the organization sees from voluntary turnover don't usually compensate for negative outcomes.¹ Turnover is painful and avoiding the issue isn't working. How do you adapt to improve your conditions when turnover arises?

CSCOs looking for a fresh approach to countering turnover should shift from:

- Preventing employee departures to designing for them
- Backfilling open jobs to architecting for on-demand skills access
- Rewarding unnecessarily complex work to fixing it

Design for Departure



Retention doesn't equal engagement. Just because employees are here, it doesn't mean that they're happy or productive. In fact, according to data from the Gartner Global Labor Market Survey, only 23% of supply chain employees are highly engaged today. Moreover, disengaged employees are less healthy and productive than engaged employees.

At the end of the day, employees and organizations alike can get stuck. We can get stuck in a role, stuck in a career or stuck in a loop of consistency without innovation. And employees can gain valuable new insights, skills and perspectives when they go work for other companies and industries.

So, what does it feel like to leave your organization? If you don't know the answer to this question, then it's time to perform a reset. Rather than seeing voluntary attrition as a problem to eradicate, design for it to happen with minimal disruption to the business. CSCOs who invest in designing for departure are better at moving and bringing in talent — and even bringing talent back.

Here's what they do differently:

Remove the departure

taboo. Twenty-nine percent of supply chain organizations have a culture that perceives departure as disloyalty.¹ It's important to embed internal and external job opportunities into career and succession planning; acknowledge and celebrate a departing employee's next move; and gather feedback about the employee experience.

Design for the boomerang.

It's expensive to hire and onboard talent, but boomerangs or former employees returning to a prior organization, can offer a cost reprieve. Besides, a sizable number of former employees are open to returning: The Gartner Candidate Survey finds that 35% of candidates would be interested in outreach from their previous organizations about open roles. Unfortunately, 68% of supply chain organizations do not have any relationship with, or programs for, supply chain alumni.¹

It's important to create an alumni network to maintain relationships with former employees; designate a specialty role that focuses specifically on employee connection; and tailor the "rerecruitment" process to boomerangs.

Prevent "brain drain" through knowledge exchange.

When employees leave, they take with them unique insights on processes and relationships they've accumulated over time. In fact, 73% of supply chain organizations experience complete to moderate disruption to the accessibility of institutional knowledge when the average employee leaves.¹

But the organizations that invest in designing for departure, rather than fighting it, lose less knowledge and gain the ability to move talent more easily. These organizations recognize that embracing employee departures requires new processes and tools that safeguard institutional knowledge — e.g., knowledge maps, storytelling, root cause analysis, etc.

Architect for On-Demand Skills Access

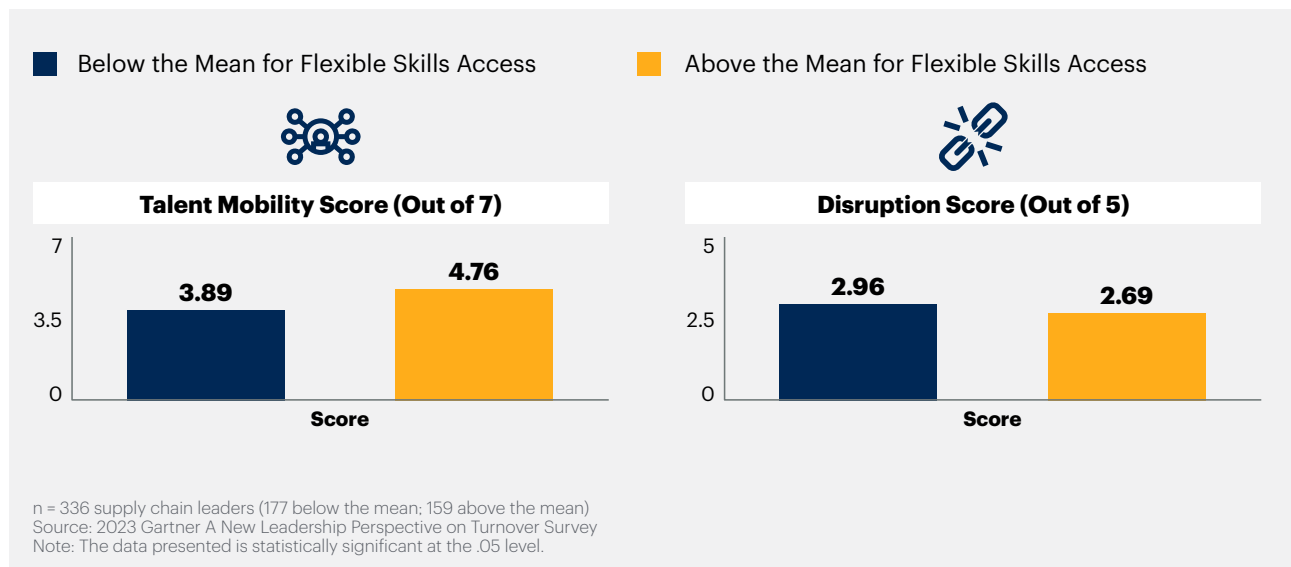


Today, most CSCOs are using a traditional role-based approach to talent planning. When an employee leaves, supply chain leaders often dust off the job description and repost it. They're trying to find a very specific candidate to backfill the open position. But in an environment where there is stiff competition for in-demand expertise, the right hire for the job becomes increasingly hard to find.

The future of talent planning will center around smaller, more discrete skills, rather than only jobs. Skills-based planning and execution will allow CSCOs to respond to skill needs faster, even in the face of employee departures.

Supply chain organizations that are already designing to access skills more flexibly — via crowdsourcing, an internal talent marketplace or other approaches — have higher talent mobility and experience less disruption when an average employee departs (see Figure 2).

Figure 2. Talent Mobility Score and Disruption Score for Organizations Leveraging Skills of Current Talent



But this is rare today: Only 28% of organizations have moved away from one-size-fits-all job descriptions to customize roles to employee skills.¹

CSCOs architecting for more on-demand skills access are:

- **Building a skills-based organization**
- **Leveraging agile learning approaches in onboarding**
- **Applying creative tactics to accelerate skill development** — e.g., identify skill adjacencies; embed coaches into teams; encourage employees to explore other job opportunities, part-time projects and learning experiences.

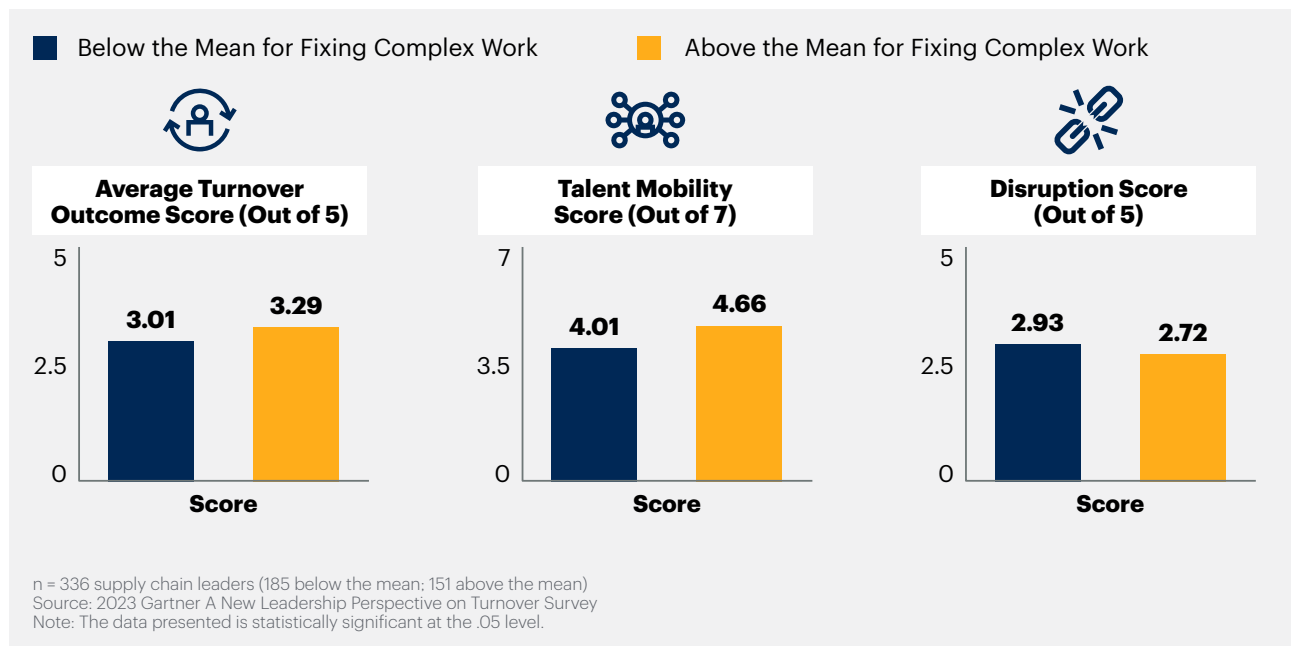
Fix Unnecessarily Complex Work



The way work is currently designed creates work friction, which makes it hard for employees to be effective day-to-day. But, four in five supply chain leaders say they focus on rewarding hard work, as opposed to reducing the requirement of hard work.¹

Embracing turnover requires CSCOs to recognize that their efforts in work design are not necessarily focused on preventing employees from leaving, but on designing work that more people can do and perform efficiently. By making work easier, we not only improve workforce health, but also we are better able to staff for this work and move talent around the organization (see Figure 3).

Figure 3. Average Turnover Outcome, Talent Mobility and Disruption Scores for Supply Chain Work Design Approaches



The organizations reducing the requirement for hard work also see less burnout due to work volume. But only 20% of supply chain organizations are using this approach today.¹

To fix unnecessarily complex work in supply chain, it's important to:

- **Enable autonomy and focus.** Encourage teams to regularly reprioritize work and encourage individuals to exercise self-determination and to define their own work patterns.
- **Design for democratized innovation.** As part of your project proposal or innovation processes, expand decision options beyond “yes” and “no” to include “safe to try.” Furthermore, embed work design assessment into your broader talent management activities.

¹2023 Gartner A New Leadership Perspective on Turnover Survey.

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