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The New Normal: A Roadmap for Supply Chain Executives



Introduction

In 2020, we saw the supercharging of many social trends that have been on the minds of business leaders, including chief supply chain officers (CSCOs), for years. Diversity, equity and inclusion (DEI) became front and center with the Black Lives Matter movement. This spurred significantly different conversations on DEI in many organizations across the globe. And with continuing issues related to climate change, there was an escalation of attention shifting to companies' sustainability strategies. The question has become: How do we engage our people to respond to these shifts?

The COVID-19 pandemic fundamentally shifted how people live and work all over the globe. As lockdowns began and people were sent back to their homes to work, many technologies, processes, decision making, relationships and behaviors were upended. Organizations had to shift how they operated, driving decision making to small teams to enable operations. How do we understand precisely what changed, learn from it and design it into how we operate?

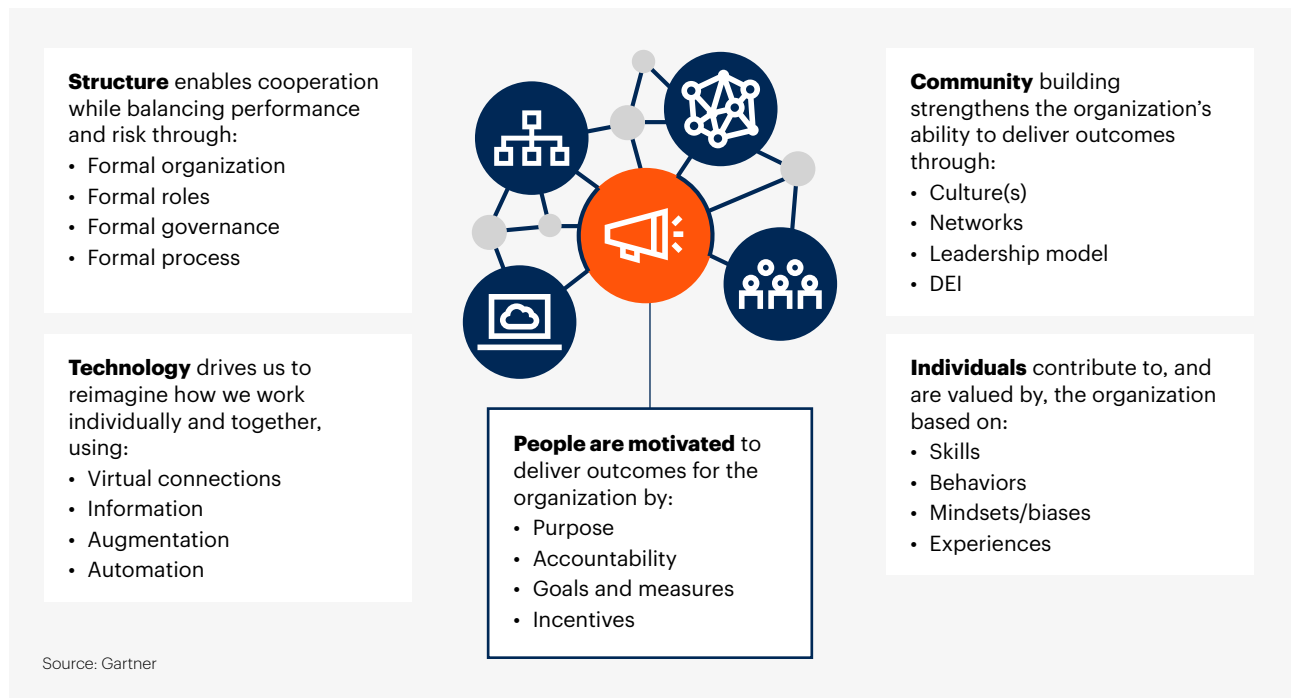
These and other pressures are challenging CSCOs to fundamentally alter how they think about managing and leading their organizations. To succeed today, CSCOs must anchor the supply chain vision in how we connect socially to get work done. CSCOs need to become the architects of a new type of supply chain — a social supply chain — that embraces and designs the governance models, processes and technologies that serve to organize teams and networks.

The future of organizational design is in building social capital to allow for the effective functioning of communities across the enterprise through a shared sense of purpose, identity, shared norms, relationships, trust and cooperation. Social capital can be leveraged to achieve supply chain outcomes, regardless of the strategy, business or operating model of the enterprise's organizational initiatives, such as digital transformation, to support growth. Simply reintroducing or adding back costs to their finance functions would be a mistake. Finance leaders now have an opportunity to rightsize their investments across people, processes, technology and external support for their teams.

CSCOs can build more agile, resilient and innovative organizations by looking at how they design the complete social system, rather than focusing on just one variable (see Figure 1):

- **Motivation.** How are people motivated to deliver outcomes for the organization?
- **Community.** How does community-building strengthen the organization's ability to deliver outcomes?
- **Individual.** How can individuals contribute to the organization, and how does the organization value them?
- **Structure.** How does structure enable cooperation and innovation, while balancing performance and risk?
- **Technology.** How does technology connect people and information to deliver outcomes?

Figure 1: How to Build a Socially Connected Supply Chain



The ongoing pandemic has become a great laboratory for how CSCOs can build a social supply chain. Companies had set organizational structures, processes, core systems and supply networks in place when the disruption began, and could not change those overnight. What made them agile and resilient was their ability to leverage the social capital of their businesses to either survive, or in some cases deliver exceptional results.

Through discussions with CSCOs, we found **three core themes** that underpinned success during the pandemic:

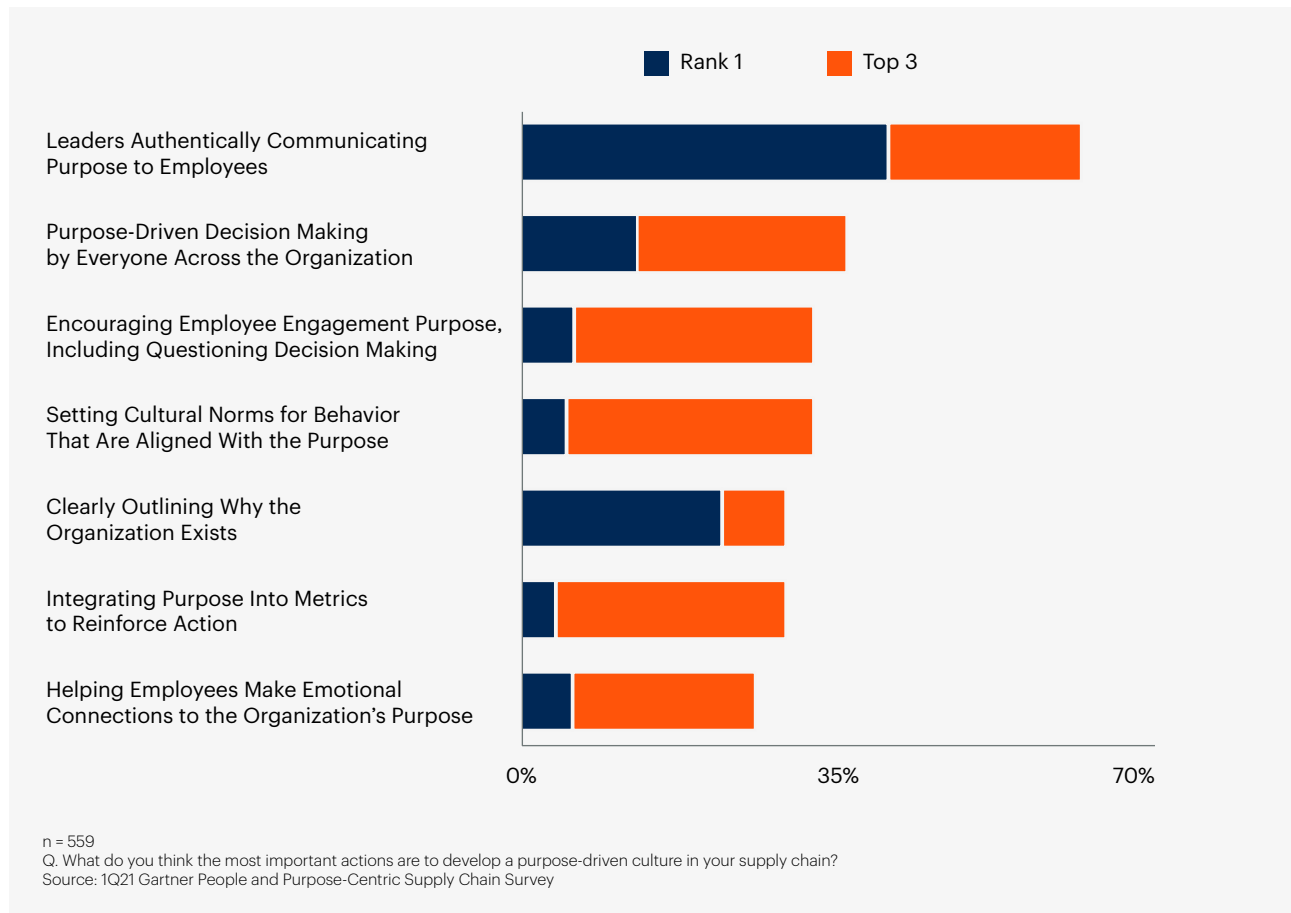
- **Theme No. 1: Create a shared purpose.** Shared purpose drove different sets of behaviors, freeing people to work together in ways that they had not before. The supply chain had its own renewed sense of purpose, becoming a key player in the delivery of outcomes through the disruption.
- **Theme No. 2: Build communities through culture and networks.** As work and home lives were disrupted, they came together to form new communities of support. Some focused on responding to business operations and challenges, others focused on social justice or environmental issues, and others on maintaining connection between people while they work remotely.
- **Theme No. 3: Embrace remote and hybrid work.** A continually evolving digital society is reshaping how we operate and interact, at home and at work. New cultures, new structures and new ways of interacting must be designed to connect all employees in new types of workplaces.

CSCOs should embrace the lessons of the pandemic, and reconsider the definition of organizational effectiveness now that social systems are what mobilize people to action in the supply chain. Ask yourself the **four key questions** addressed in this report to begin designing your “new normal.”

What is our supply chain's purpose?

Creating a sense of purpose is Job No. 1 for CSCOs. It is the thing that motivates people at the enterprise, team and individual level. CSCOs have many strategies that they can use (see Figure 2), all of which are important and some with greater effect than others.¹

Figure 2: Important Actions to Develop a Purpose-Driven Culture in Supply Chain



Authentically communicating purpose to employees is at the top of the list: In order to authentically communicate purpose, CSCOs must first reflect upon and clarify the supply chain organization's purpose. And that purpose must go beyond the bottom line, emphasizing where supply chain adds value to society, the enterprise, teams and individuals.

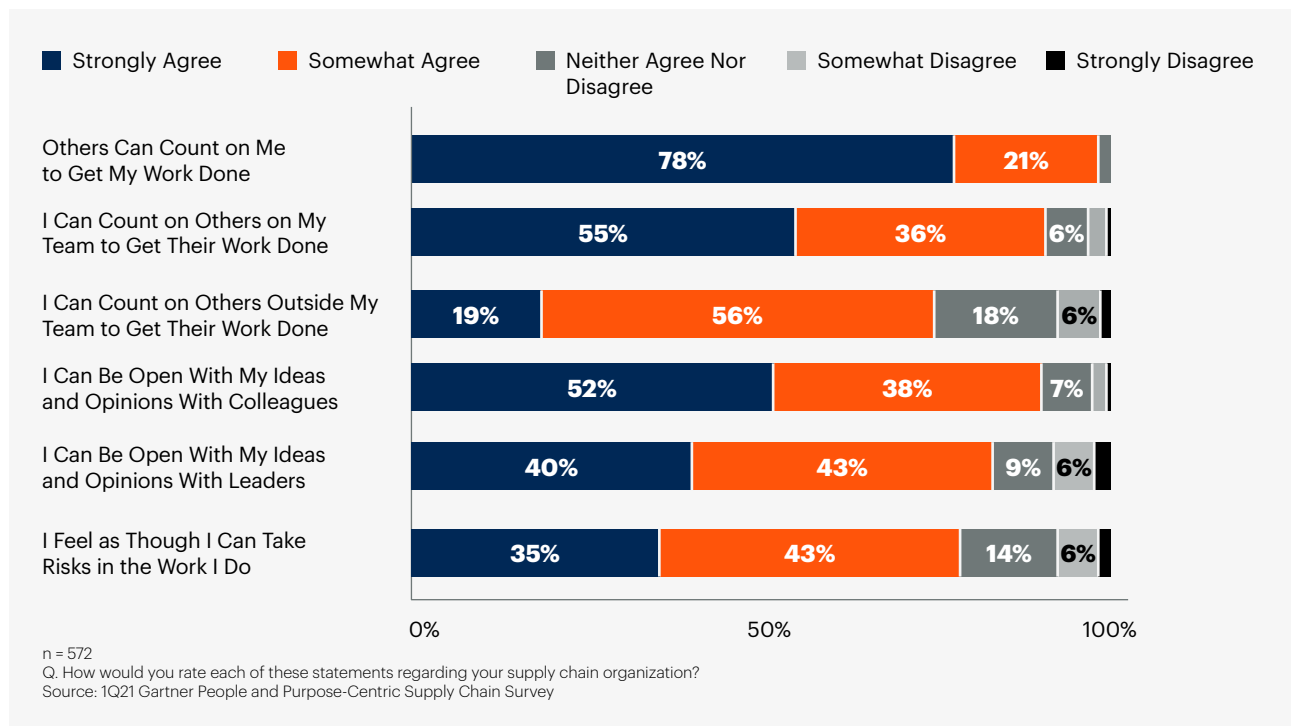
The supply chain has had a renaissance in purpose over the course of the pandemic, given its centrality to the response. CSCOs should be sharpening the story behind how their teams are making an impact, and sharing that with their employees, top executives and other stakeholders.

Do we have strong supply chain communities?

Supply chain is not an individual sport. Employees must be able to count on each other, share ideas and take risks as a community to deal with the uncertainty and volatility of recent years.

Supply chain has a lot of work to do here. In our research, while nearly 80% of respondents strongly believe that others can count on them to get their work done (see Figure 3), fewer (25% less) believe that they can count on their team.¹ Less than 20% strongly believe that they can count on others outside of their team. Additionally, just over half of respondents strongly believe that they can be open with their ideas with colleagues, and that number declines to 40% for being open with leaders. Even fewer (35%) strongly believe that they can take risks in the work that they do.

Figure 3: Supply Chain Community Sentiment



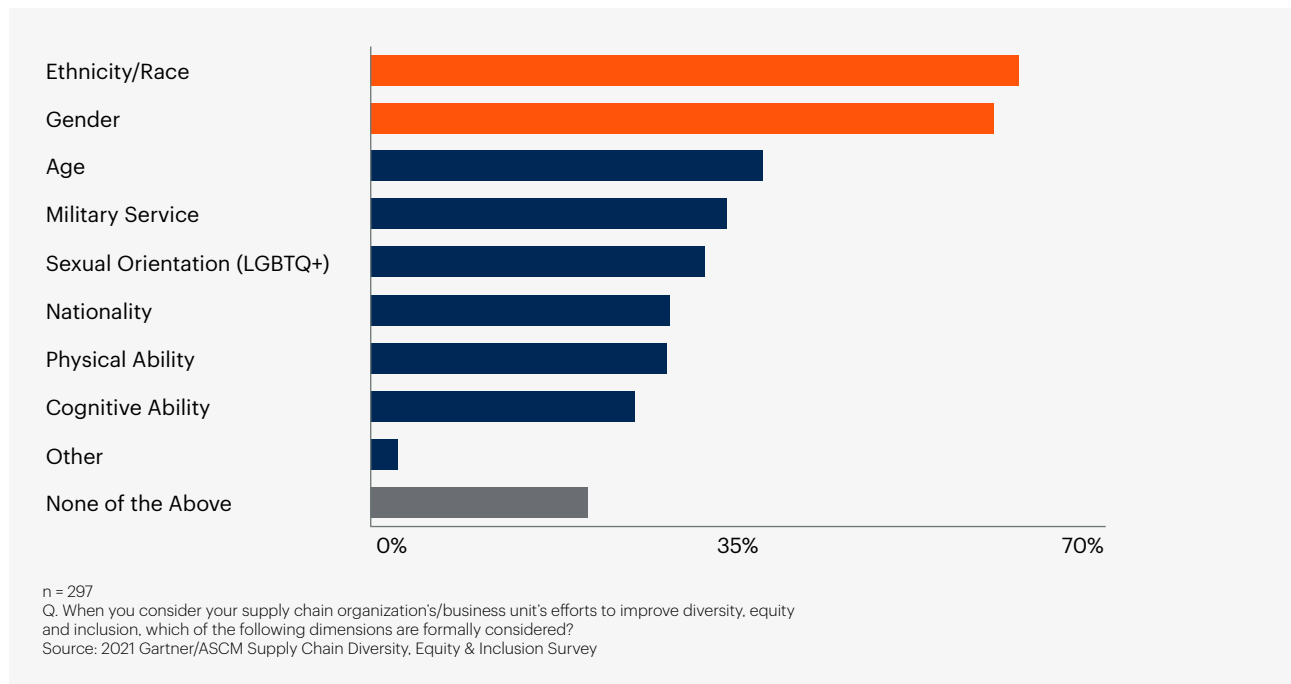
Building communities is a critical part of what CSCOs must do to drive next-level outcomes from their organizations. Most of supply chain employees' work is social by nature, in some way connecting with other people to accomplish an outcome. Communities connect individuals with a shared sense of values, intentions, behaviors and identity that allow them to work together collaboratively. Communities are invaluable to CSCOs who need their organizations to be agile and resilient in the face of increasing supply chain challenges and disruptions, so CSCOs must make a concerted effort to foster community work. Properly constructed communities allow for the free flow of information, ideation, decision making and conflict resolution critical to a fast-moving supply chain.

Am I leading DEI in supply chain?

The biggest challenge related to DEI for the supply chain is in talent, specifically leaders recruiting and retaining millennial and Generation Z supply chain professionals. These generations' experiences are much more ethnically diverse. They are accustomed to gender balance, different physical and cognitive abilities in the classroom, and are broadly tolerant of other differences. They expect their work community to mirror their personal communities, with a diverse set of colleagues and leaders. Eighty-five percent of supply chain professionals say that working on ethnically diverse teams is important and motivating to them, while 87% say the same or working on gender-diverse teams. The younger the demographic, the more the number ticks up. For the 18 to 35 age group, there is a 5% to 7% jump.²

The good news is that these and other dimensions of diversity and inclusion, as well as supplier diversity, are increasingly being formally targeted for improvement by supply chain organizations (see Figure 4).

Figure 4: Formally Considered DEI Dimensions in Supply Chain Organizations



The bad news is that we're starting from a lagging position, especially for some of these prioritized areas of visible diversity. People of color comprise 30% of supply chain organizations on average, and women account for 39%, but representation in the management and leadership pipeline falls off immediately with frontline manager roles. The drop-off is particularly steep for ethnic minorities.^{3,4}

What can CSCOs do to strengthen the DEI foundations for a social supply chain? Leading supply chain organizations accelerated their DEI roadmaps on proven practices in recruiting, career pathing, integrated pipelining, and broader inclusion and allyship efforts. Others are working with employees most affected by the pandemic, many of whom are women and/or people of color.

With DEI as an integrated element of the social supply chain, CSCOs who drive and communicate these actions are more successful on a number of levels. Removing structural barriers and bringing unconscious barriers into the light opens up new pools of talent, internally and externally. Supporting and showing an employee experience that highlights inclusive teams and leaders, company and supply chain purpose and equitable opportunity for all, helps make your company a beacon for talent. For younger generations, the group that is already wired to leverage technology, media and social platforms for communication and collaboration virtually, DEI is table stakes.

What can we learn from the shift to remote work made in 2020?

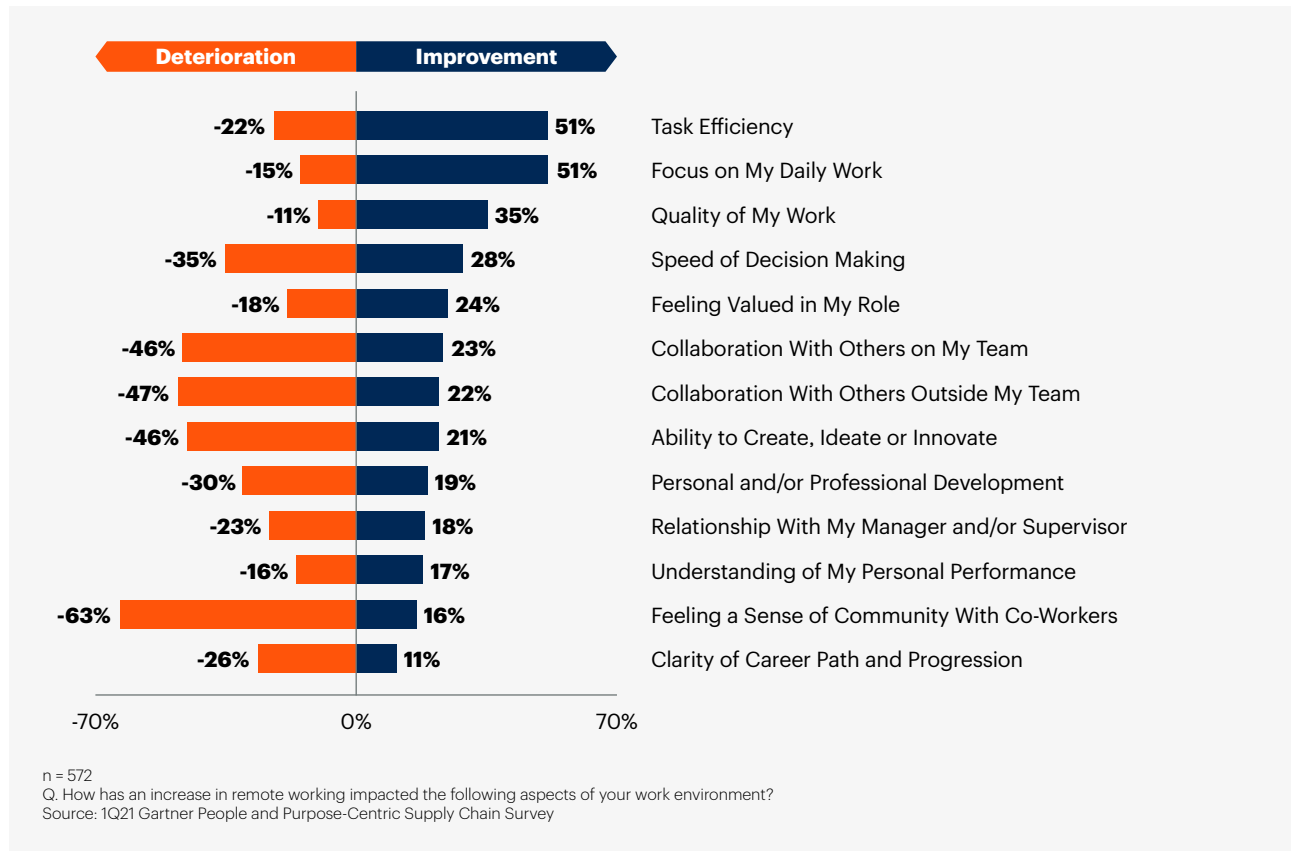
Last year was a game changer for remote work. Previously, many CSCOs rejected the remote work model, with the exception of scheduling emergencies or select roles. In prepandemic studies, we found that only 8% of supply chain professionals could work from home every day, and another 25% had more flexible options.²

Despite this, the shift to remote work went remarkably well in 2020, considering how few companies had policies, processes or infrastructures to support it. However, this was only the beginning of a shift that will continue to test CSCOs over the next 12 to 18 months.

The move to remote work is the first step in rethinking the future of how we will work together. Solutions lie in examining the benefits brought about by remote work.

- **Individual productivity is positively impacted.** Most companies we spoke with found that overall productivity of their remote staff stayed the same or increased. They found that, despite the difficult home conditions for many, their employees were able to balance needs and focus on their work (with flexibility). This matches what we found in our survey where we also found that respondents believed that the quality of their work increased as well (see Figure 5).¹ It seems that much of the concern that leaders have had about the productivity of people working from home was unfounded.

Figure 5: The Impact of Remote Working on the Supply Chain Work Environment



- **Broadening who can work from home.** CSCOs are being careful to not create a class system for remote or hybrid work. They are defining different segments of roles, each with unique qualities, that allow for different applications of remote or flexible work. The nature of the role and work is more important in building these profiles than job levels, job titles or departments.
- **Workspaces (online and physical).** Companies are rethinking the workspaces that are needed to ensure that employees have the ability to be productive, and also to connect, collaborate, innovate and drive change. Technology is crucial, and supply chain teams made heavy use of workflow and content management solutions, as well as traditional emails, calendaring, docs, spreadsheets and graphics. CSCOs will need to figure out ways in which each community uses these tools to accomplish their work. That may vary by community mission. It is likely that missions that involve ideating, innovating, designing or collaboration to solve difficult issues will draw people into physical workspaces. The social dynamic that leaders can build into a physical environment enables people to navigate more complex topics. Missions that involve information sharing or repetitive decision processes — such as sales and operations planning (S&OP)— can be more easily crafted to work in a remote or hybrid work environment.

- **Meetings with intention.** New ways of working requires new sets of behaviors that we all need to agree upon. For example, taking existing meetings and putting them online has worked in the short term. Long term, meeting planning becomes more important, as does creating connections amongst employees from the start of the meeting. Failing to design new behaviors will result in communities creating behaviors of their own.
- **Talent acquisition and career pathing.** Given that hiring and retaining talent is such a big issue in supply chain organizations many CSCOs are concerned about the impact of remote and distributed work on staff development. Recruiting, onboarding, training, and career progression will all change. Connecting new people to culture and enabling “visibility” for those responsible for career progression are challenges that need to be addressed in remote and hybrid environments.

Endnotes

¹1Q21 Gartner People and Purpose-Centric Supply Chain Survey

²2018 Gartner Supply Chain Talent and Organizational Pulse Survey

³2021 Gartner/ASCM Supply Chain Diversity, Equity & Inclusion Survey

⁴2020 Gartner Women in Supply Chain Survey

Supply chain transformation: How we help

With increased global competition and more frequent disruptions to established business operating models, supply chain functions need to drastically enhance their performance. But transformational strategies to optimize end-to-end supply chain performance need not only a vision, but also roadmaps, best practices and real-world examples to make the vision a reality. When it comes to transforming your supply chain for the future, Gartner has the insights and expertise for business success. [Visit us online](#) to discover how we help our 2,500+ supply chain executive clients deliver a better and more effective operation that supports broader business strategy.



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