

Creating Supply Chains for the Future Requires a New Approach to Leadership

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CHANGE

INSIGHTS

About This Paper

This article is intended to demonstrate that experts from different disciplines can integrate their knowledge and experience in sharing insights that will help unlock the unprecedented challenges the world is facing.

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Introduction

In an era of unprecedented disruption and permanent instability, the science of Supply Chains is undergoing significant transformation.

This article explores the need for a new approach to leadership, as well as processes and technology, in order to navigate the changing supply chain landscape.

In recent years, both the importance and fragility of Supply Chains have become clear and this puts Supply Chain transformation high on the strategic agenda of many companies.

While there is broad alignment on the “Process & Technology” change agenda for Supply Chain transformation, the agenda for “Leadership & People” is less clear.

The risk is that we ask people to work in different processes with different technology in a different world of work but do this with inappropriate or ineffective leadership.

This leads to the question “**what Leadership change agenda is required?**”



The Changing World of Supply Chain

Supply chains have already gone through profound change, but the bar is raising further and faster.

Unprecedented speed of change driven by geopolitical disruption, climate change and ever faster developing technology is leading to increasing complexity. Not just of the supply footprint with on-shoring, near-shoring or friend-shoring but also extending the scope from 'inter-company Supply Chain' to **more complex and interdependent value chains**. For example, the electrification of mobility leading to automotive companies getting into mining and refining of critical minerals for Electric Vehicle (EV) batteries. These value chains are connecting **increasingly conflicting political blocks** which is further increasing volatility and uncertainty.

During the Covid crisis, the existential threat enabled process changes overnight such as going from monthly to daily planning, more intense supplier collaboration, etc. This accelerated SUPPLY CHAIN transformation has been along the following broadly common principles:

1. Increased speed of decision making and execution on both strategic and operational levels.

This is required to ensure SUPPLY CHAIN can keep pace with the external rate of change. We have moved from "plan and then execute the plan" to "sense & respond". This applies strategically for SUPPLY CHAIN design (providing response options - e.g. resilience) and for operations planning (making effective use of these options – e.g. agility).

2. Requiring intensified collaboration across value chains independent of who owns the assets.

Moving from transactional-only supplier relationships to collaboration on-demand and operations planning as well as product and Supply Chain design. Trust will be an important prerequisite and Supply Chain and Procurement professionals will need to be the custodian of this trust (shared values, aligned KPIs, etc).

3. A seamless integration of Supply Chain in Business strategy.

Supporting increasingly proliferating customer propositions (e.g. 'as-a-Service', B2B omni-channels, etc.) and making these economically feasible.

4. Technology is a critical enabler to manage complexity at speed.

Using technology effectively will require the re-design of "man & machine workflows" including task automation, while keeping humans in the loop and augmenting their role through technology. Designing these workflows is core to digital Supply Chain transformation and is changing the world of work for Supply Chain professionals.

The change agenda on “People & Leadership” is less clear

Process & Technology change is necessary but not sufficient. In this increasingly complex and unstable world it is the ability to engage, motivate and work with people that will determine the pace and extent of progress.

Leadership is a critical success factor in this. We have to consider the fast changing world of work, the demands and expectations of younger generations and the need to collaborate with a wider range of stakeholders.

In all these areas, values and purpose are increasingly critical motivators. Employees increasingly want to work for companies that have a purpose and want to have a job that engages and fulfils them. We also have to consider the anxiety around technology replacing jobs as well as the desire to improve work-life balance. For example, ensuring that the ‘always-on’ Supply Chain organisational capability, necessary today, is not requiring ‘always-on’ people. The latter will require augmentation by technology.

Yes, leadership styles are changing and improving gender balance and other diversity strategies are helping. But we need to look at wider issues as well! For example, do current organisational hierarchies allow the speed and accuracy of decision making required?

Looking back we see that during the Covid crisis the impossible was done but as the existential threat subsided we see a degree of a return to the old culture slowing down the pace of change.

Looking forward, several trends are further raising the bar for leaders. For example, the recent step change in both capability and adoption of GenAI (e.g. ‘ChatGPT’) which will cause further and significant change to “man & machine” workflows as a step-change in democratisation of access to knowledge and increasing the automation potential, etc.

The risk is that we ask people to work in different processes with different technologies in a different world of work but do this with leadership unprepared and inadequate for this challenge.

The Implications for Leadership

To get to the nub of the leadership issue we have to ask, **“What will inhibit and be a barrier to success in the future when the solutions for advanced processes and technology are either in place or known?”**

The answer is, leadership that is not appropriate for this new world of increasing uncertainty and volatility – a COMPLEX world. In a world of complexity, everyone needs to be a leader at times, and need to think and act in a new way. However, it is the senior leadership that need to set the environment and culture for organisations to be successful. Fundamentally, they need to have much more than just a good intellect and drive. They need good ethics, strong values, emotional intelligence – and because of the importance of AI in the mix - as much of an understanding of digital technology as we would expect an understanding of finance from a CEO.

“Complexity” is defined as ‘a factor involved in a complication process or situation’.

First of all, we need to redefine “Complexity”, which over the last 40 years has developed as a separate branch of science but based on the laws of nature (see reference to Complex Adaptive Systems later in this article).

Earlier in this article we discussed value chain “complexity” in its traditional definition which relies on rational thinking. To understand leadership issues we need to refer to this new definition of complexity which moves us from linear, rational, cause & effect thinking to one that is also holistic, multi-dimensional, organic, inclusive, uncertain and requires full consciousness and awareness. It is referred to as moving from Newtonian to Quantum thinking, though we still need the Newtonian thinking too!

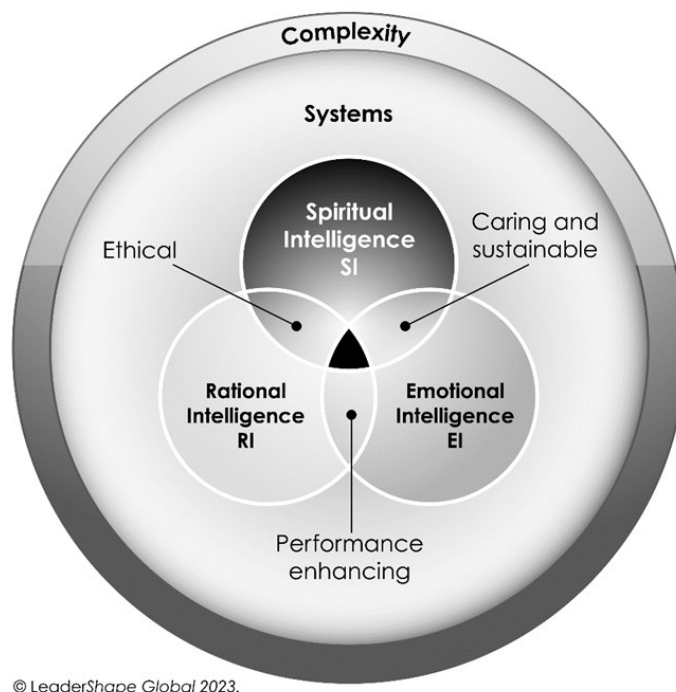
Complexity includes taking on board the possibility of existential threats that are not in our consciousness most of the time! And one has to ask, why does it take an existential threat (e.g. Covid) before we can cooperate and look to the mutual benefit and the greater good.

In normal times we are more interested in what is best for us personally or at least what is best for our organisation. We are very egotistical. This is very linear thinking of action and reaction, cause and effect, and not considering the holistic nature of complex systems which supply chains increasingly are. There are a small minority of leaders who think about doing the right thing and letting the profits follow, but today they are a small minority. The reality is complexity itself becomes an existential threat if we don’t handle it effectively.

To ensure sustainable success, leaders need to think of win-win-win-etc. scenarios where everyone in the supply chain will feel that the system is working for them. This is an advance on the more commonly referenced win-win approach, which experienced Supply Chain professionals are fully familiar with, as it must consider the needs of those who are not in the room (e.g. 3rd level stakeholders and beyond) for sustainable success.

The Leadership Required for Success

Most professionals and leaders will have an appropriate level of rational intelligence but they will probably need to develop their emotional and spiritual intelligence to operate in a complex system. See diagram below.



Note 1 : In this context “Spiritual” does not imply religion but simply acting ethically, based on sound values with wisdom and compassion.

The key attributes of this new kind of leader are:

1. Great self-awareness:

Most, if not all of us, need first to work at becoming more aware of ourselves. This includes understanding our strengths and limitations, our personality preferences (for example are we optimistic or pessimistic / introvert or extrovert) and how we reach decisions. We also need to know our own order of importance of the five senses – “sight” is the most often cited as most important, but not by everyone. And then there are other neurological senses, twenty one in all, like pain, balance, sensitivity to temperature and general body awareness.

This understanding puts us in a much stronger position to know where we excel but where we need to work on our limitations so we can become our best self.

2. High levels of emotional intelligence, including empathy:

First we the need to have a general understanding of the range of emotions and how we react to them in default. There are six basic emotions: Joy, Surprise, Fear, Anger, Sadness and Disgust – notice only one is positive! We cannot do anything to stop emotions happening but we can learn to manage them effectively so that the best of our personality comes forward through improved behaviours and less instinctive reaction. It is important also that we learn to understand and be aware of others which in turn enables us to become more empathetic.

Once we put more effort into understanding others and being less judgemental, the better we can be at building lasting relationships. All this requires building emotional intelligence so that we can choose the appropriate leadership style to use in any circumstance and through that develop ethical and performance enhancing cultures.

3. Learning to hold values in full consciousness when making decisions:

The final stage of developing oneself as a human being, and perhaps the most difficult, is to learn to bring our values to full consciousness in everything we do, especially when making decisions and working with a full range of stakeholders. Most people in my experience have good core values but often they are impacted by bias and prejudice to some extent. Also those values tend to be there in the background, subconsciously, and only come to the surface when we are passionate about something important to us. The first step is to understand our core values and then hold them in full consciousness. This will put us in a much stronger position to be ethical, compassionate and ensure good governance – to do what is right!

4. Understanding complexity and systems thinking

It is becoming generally accepted that we are in a world of increasing complexity. The problem is that not many leaders realise that they need to change and develop themselves in order to address this increasing reality. Systems thinking requires more than just complicated rational thinking. We need to take into consideration the behaviours, needs, attitudes and values of human beings as well as predictable and unpredictable existential events (the known unknowns and unknown unknowns!).

Complex Adaptive Systems (CAS) provides a solution. The CAS concept has been in development since the mid-'80s and considers all the agents in any system as the components of that system and interact and connect with each other in unpredictable and unplanned ways. For instance, how air and water molecules interact in a weather system and how plants and animals interact in an ecosystem.

There are 11 Transpersonal Practices of a CAS which relate directly to leadership and the interaction of people. It is summarised in Table 1 overleaf.

11 Transpersonal Practices of a Complex Adaptive System (CAS)

Practice		Description
1.	Everyone's a leader	Unlike predictable hierarchical systems, CASs have no central control mechanism. For a transpersonal leader this means delegating and decentralising whenever we can. To achieve this, we need to maximum everyone's potential through development and practice.
2.	Value led Sustainability	Providing consistency by acting from principle, based on core values and being transparent in doing so. Actions should be based on what is best for the long term, sacrificing short term gain where appropriate.
3.	Emergent thinking	The complex world we live in does not give us the comfort of making detailed plans that we expect to remain the same. We can set direction but need to continually adjust depending on how things develop. We must be much more open minded and intently curious.
4.	Holistic approach	We must take the broadest view. Be aware of patterns, relationships and connections. We must be fully conscious so that we can make full use of all our decision-making processes. We must also feel we belong to the system we are involved with.
5.	Self-awareness & Self-management	To be aware of our emotions and to be able to manage them effectively for ourselves and the greater good.
6.	Balancing Feedback vs Independence	A CAS survives because it responds to the feedback system within. So must transpersonal leaders encourage and value feedback. The balance between accepting and responding to feedback versus standing up for your beliefs and convictions is critical
7.	Adaptive	We must be sensitive to external change by learning, and where necessary recreating ourselves and our organisations to respond. With people we must have empathy and compassion to understand and respond.
8.	Managing Chaos & Random Probability	Small changes (random chance or intended) can have huge consequences. Only a CAS can bring order to such a system. For a Transpersonal leader it means the positive use of adversity – learn from mistakes, see problems as opportunities and being resilient.
9.	Norming Diversity	In a CAS, each part plays a full role. We must value all other people, cultures and situations in celebration of their difference, not despite them.
10.	Vocation	Within nature, humans are probably alone in <i>wanting</i> to serve something greater than oneself. It comes from deep within to want to serve others or the Universe. For some, this can happen from early adulthood but for most this comes later in life in wishing to give something back in gratitude for what one has received.
11.	Enjoyment	One of the key criteria of a sustainable performance-enhancing culture is enjoyment (see Chapter 10). We can't be happy all the time as we react to everything that happens in our lives but as transpersonal leaders we should make every effort to bring joy to the lives of others.

De-Hierarchy, Delegation & Dissemination

This is perhaps the most difficult aspect of advanced leadership to attain. We have all been brought up with a military sense of what leadership is – command and control! We have all operated in hierarchical organisations from our family, through education and in our current employment. All that can work well in a crisis if we have built up trust. However, most of the time in today's complex world, strict hierarchy and central control does not work effectively. We must ask ourselves why many leaders naturally follow the command and control method. It is because of our human stone age default for survival and our ego. The four drivers of ego are power, prestige, reward and recognition. We must learn to manage these drivers so our ego does not control our actions as well as overcoming our natural default. This takes time and effort for most of us. Organisations are much more effective if decision making is at the lowest level possible, and disseminated to those with the real expertise and relevant experience. This all requires trust, training and a performance enhancing culture.

However, it is important to note that this does not in any way reduce the accountability of senior leaders. It just means that their success depends on the culture of the organisation and the trust and sense of ownership the people in the organisation have, rather than based on their success in telling people what to do.

A related indicator of success is when the people in the organisation put in discretionary effort to meet or exceed goals. This is where people are motivated and work beyond their contractual requirements because they feel ownership and hence responsible for success rather than because of expectation. Research shows this is a key to increased productivity. This kind of culture is rare but we need much more of it.

We call these leaders who are appropriate for this new world, “[Transpersonal Leaders](#)” because they are able to operate effectively beyond their own default personality, beyond their ego, for the benefit of all stakeholders and for the greater good.

Don't leave change to chance, **contact us** today to see how we can help in optimising your supply chain through the development and deployment of Transpersonal Leaders with the experience, autonomy and expertise necessary to harness complexity for competitive advantage.

Find out more:

We are change management specialists who have worked with a wide variety of companies from all sectors to develop a structured approach to Leadership Development, based on their specific business goals and company culture.

We work closely with business leaders to develop a tailored approach to process improvement that can deliver lasting benefits and true cultural transformation, based on knowledge gleaned from successful continuous improvement examples.

Find out more about how we can help your business or take a look at our other [Insights articles](#) for more resources and advice.

You can also call us on +44 (0) 124 442 1095, or complete our [contact form](#) to request a call back any time.



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