



BUILDING A PATH TO GENERAL MANAGEMENT

Advice for supply chain leaders

The visibility and profile of the supply chain function rose to new heights during the economic downturn, as businesses prioritized cost-cutting, and supply chain leaders' influence on expenses and ability to find efficiencies opened doors to general management. As the economic outlook continues to improve and focus returns to growth, however, is there still a path to general management for supply chain leaders?

Supply chain leaders do make the transition to general management, but doing so requires more than excelling within the function. Supply chain professionals who aspire to be viewed as candidates for general management also need to be strategic thinkers who understand the drivers of the business, know the customer, and are able to deliver top- and bottom-line growth.

We spoke with several executives who have transitioned from supply chain to general management to learn more about the ways supply chain experience does — and does not — prepare people for success in a GM role and to get their advice for supply chain leaders aspiring to general management.

The strengths of supply chain experience

Supply chain leaders who have transitioned into general management view the function as an excellent training ground. To be successful in the supply chain function, leaders must be able to manage highly complex organizations and be accomplished users of data and analytics. Effective supply chain leaders are deeply engaged in the details of the operations, regularly work grueling schedules and are oriented toward dealing with issues immediately. They are skilled at prioritization and process.

Success in supply chain demands a disciplined approach to problem-solving, and the ability to break down an issue into its parts and focus the energies of the organization against those, argues Robert Kirby, lead horizontal operating partner for Golden Gate Capital, who was vice president of the global supply chain for Johnson & Johnson Consumer & Personal Care Group before serving in several CEO and president roles. “As a general manager, you have to create context for an organization, help people understand what you’re doing and why, and why it’s in their interest to participate in that. That level of engagement, which supply chain develops, helps you a great deal in business leadership roles.”

Supply chain roles also provide an expansive view of all the parts of the business — and how they work together — and can hone executives’ ability to prioritize and create value. Those who develop the ability to think at a macro level about upstream and downstream cause-and-effect relationships are better prepared to create value for the organization — and position themselves as growth drivers.

“At the end of the day, many customers make their decision about who to buy from based on the consistency of deliveries, so be flawless around your ability to deliver to customers on time. Or if you are in inventory management, why not build a capability that allows you to say yes more often to customers than your competitors? When you have that orientation, you pretty quickly change the conversation from how supply chain can help reduce costs to how it can help the enterprise drive sales,” said FleetPride CEO Kevin Peters, who led supply chain operations at W.W. Grainger. “If you are willing to move away from traditional definitions of the role of supply chain and show more value creation, that’s a great way to open the eyes of the CEO.”

The perceptions that can hold supply chain leaders back

Despite these strengths, supply chain leaders are not always top of mind when an organization is looking for new general managers. Why is this?

Discomfort with risk is one frequently heard knock against supply chain leaders. Generally working on the cost side of the equation, supply chain executives typically are making decisions with known facts and data. Arriving at a solution, then,

requires them to sort through and prioritize the information. General managers, on the other hand, often must make decisions with limited or imperfect information, weighing risks and opportunity costs.

“Some folks in supply chain are less comfortable with that level of uncertainty, so they want to continue to get more data in order to make a decision,” said Kirby. “The good general managers recognize that

it's not a certain world, but you can triangulate information such that you narrow the risk and take the appropriate leap. The people who rise and are successful don't perceive risk as something to avoid. They see risk as something to manage.”

Unless actively cultivated throughout their careers, supply chain leaders also can lack P&L and balance sheet management experience and the knowledge of the business to know where to make strategic investments for growth. Executives who “grew up” in supply chain say that driving demand — knowing the marketing levers that influence demand, for example, or how to build and evolve a sales organization — was an area that they felt less prepared for when moving into general management.

“Ultimately, success in a P&L requires demonstrating growth, and growth generally requires the intestinal fortitude to stick behind strategic investments.

But the orientation of supply chain generally tends toward efficiency and end-to-end cost effectiveness,” said Stuart Reed, a former supply chain leader at Motorola who now serves as senior vice president and president of Home Services for Sears Holdings Corporation.

In addition, former supply chain leaders say they were less prepared for the demands of communicating with a broader set of internal and external stakeholders. Supply chain typically provides executives limited exposure to investment bankers, lawyers, investors and analysts, who they may need to engage as a general manager, particularly as a CEO. General managers also need to be able to connect, engage and influence a range of internal stakeholders from a distance and infuse the broader organization with a sense of purpose and motivation.

Overcoming the gaps: Advice for preparing for general management

To develop the requisite general management skill-set, it's best to start early and find as many opportunities as possible to build skills in new areas. Based on our discussions with those who

have made the transition and our own observations about what it takes to thrive as a general manager, we offer the following six recommendations to aspiring general managers.

■ Cultivate a general management perspective

The supply chain professionals who are most likely to be seen as having general management potential are those who consistently look at the bigger picture and find ways to help the business create value. “There are the people in supply chain who always are thinking about the service impact, or asking the questions, ‘How much are you selling this for? Is it really worth the expense we are putting in on the back end? Are we making money at this?’ When I think about the supply chain leaders who could transition

into general management, I look for signs that they are thinking about the whole business and not just the cost component,” said David Katz, senior vice president and assistant to the chairman at Coca-Cola Bottling Co. Consolidated.

Supply chain leaders who have made the transition said they developed a general management orientation early in their careers by observing the example of strong GMs or through the influence

of a few key mentors. They caution supply chain professionals to avoid overspecialization within the function, which can prevent the development of the broad perspective on the business that GMs need to have.

James Leighton, president of Perdue Food Products for Perdue Farms, said he learned from an early

mentor the discipline of evaluating issues first from a general management lens before taking the supply chain perspective. “He told me, ‘Always put your general management hat on first, no matter what function you’re in. First think, if you had your name on the door, how would you make the decision? If you were me, what would you do? And then put your functional hat on.’”

■ Gain exposure to other functions and business units, especially marketing, sales and finance

Over and over again, supply chain leaders who have transitioned into general management recommended cross-functional experience. General managers must be able to ask smart questions about all facets of the business and collaborate across functions, most of which have their own vocabularies and ways of viewing the business. Exposure to other functional areas and business units early in one’s career develops this important knowledge base and builds a valuable network of relationships across the company.

Recognizing the importance of cross-functional experience, some companies have established formal programs to rotate high-potential supply chain professionals through other functions, typically recent graduates or junior associates. But such formal programs are the exception, so supply chain professionals who aspire to general management should be ready to seize opportunities to participate

in cross-functional projects or work in another function, even if it means accepting a lateral move or being flexible about the location.

“If you want to build a generalist career, it’s going to take a sacrifice on your part. You’re going to have to take some lateral assignments across the organization to get that experience,” said Katz. Gregg Tanner, CEO of Dean Foods Company who had supply chain leadership roles at ConAgra Foods, agreed. “Take advantage of every opportunity you can to get cross-functional experience,” he said. “When I talk to college students today about how I got to where I’m at, I say that I’ve been really lucky and blessed, but I’ve also been relatively flexible. I didn’t put parameters around my career. When I was living in Chicago or Kankakee, Illinois, and they asked me if I would be interested in being a director of international in Sao Paulo, Brazil, I said, ‘Sure, why not?’”

■ Learn about the customer

The CEO and other general managers must be champions of creating value within the enterprise. Without understanding what drives the customer, it is unlikely a supply chain executive

will understand what drives the business — and without that, it is unlikely he or she will be seen as a candidate for general management.

Executives who rose to general management from supply chain said they gained insight into the customer in various ways: some by joining members of the sales team in customer meetings, others by immersing themselves in a customer account or customer management. “The best way is to get on some teams as the operational representative with groups that spend a lot of time with customers in the field. Try to learn and understand the very unique DNA of salespeople versus operational people,” advised Reed. While some companies have formal programs pairing supply chain professionals with members of the sales team working on key

accounts, supply chain leaders may have to create opportunities for themselves.

For consumer-facing businesses, the customer is the consumer, so Leighton advises supply chain professionals to learn as much as possible about marketing and the changing preferences and behaviors of consumers — some of which have implications for the supply chain. “People today want to know where their food is coming from. People working in our supply chain are gaining a tremendous respect for the need for us to be trusted, and to be very transparent with all of our stakeholders,” he said.

■ Be your own advocate

In a world of increased specialization and fewer “small” GM opportunities, supply chain professionals have to find ways to broaden their experience. In short, aspiring general managers need to own their own development plans.

“Too many of us wait around for the shoulder tap. For some, that’s going to happen, but for most people, particularly in a supply chain role, you’re going to have to outperform. You’re going to have to create your own visibility,” Peters said. “What I tell people is go seek out opportunities yourself. When was the last time you grabbed your counterpart in sales and asked to go on five sales calls? Or sought out the marketing person to talk

about how we segment and target prospects? Or talked to the CFO about driving value in the organization? You don’t have to spend months in a department to show interest and let the CEO know that you want to earn additional responsibility.”

Finally, signal your interest in broadening your responsibilities in an overt way. Make sure you have at least an annual conversation with your boss about your career and the opportunities that interest you. “If you are performing well in your role today, you need to be having those conversations and let people know that you’re open and flexible to take on different opportunities and that you have a burning desire to learn,” advised Tanner.

■ Seek out mentors

A mentor can serve as a source of learning or an advocate at a key moment in your career. Katz credits early mentors with both: instilling in him a general management perspective on the business

and opening the doors to new opportunities. One early mentor encouraged him to find and tackle the unmet needs of the organization that don’t fit neatly into a functional silo — a philosophy that

helped raise his profile as general management material and that he passes on today. “Get yourself involved in the thing that nobody else is doing that gives you experience and shows the organization that you’re willing to solve a problem that nobody else is working on,” he said.

Some organizations have formal mentorship programs, but the best relationships tend to be

■ Build strong teams

The ability to build diverse, high-performing teams is the hallmark of any effective leader. A good leader has confidence and a healthy sense of self, surrounds himself or herself with good people, and invests in them through mentoring and training. Successful general managers are able to create an integrated team of highly trusted individuals from different disciplines who come together to create something larger than themselves. GMs coming from supply chain will want to surround themselves with exceptional marketing, sales and finance talent in particular, according to the executives we interviewed. In fact, one supply chain leader we know routinely recruits strong marketers into the supply chain team, which helps cross-pollinate ideas and inject a commercial mindset into the function.

Conclusion

“What do I need to do to make the leap into general management?” It is a question we are asked often by supply chain leaders. The supply chain executives who are able to make the transition to a GM role have an insatiable interest in the business and its customers. They identify the gaps in their

those where chemistry develops between the mentor and mentee, executives said. Finding mentors in other functions can also be beneficial for broadening your perspective and widening your network. A strong sponsor also can be a powerful force in overcoming the cultural inertia that can prevent a supply chain executive from moving into general management.

These individuals also can serve as evangelists for supply chain in other functions and business units.

If they spent much of their career in very structured, authoritative environments, supply chain leaders may need to adjust their management style to reflect today’s more collaborative, transparent work styles.

“A lot of people who are my age and grew up in supply chain are very authoritative,” said Leighton. “If you think you are going to be successful running a \$5 billion company by being authoritative and top-down in a highly complex industry, it doesn’t work, especially given the change in attitudes of today’s workforce.”

knowledge base and proactively seek assignments, projects and opportunities that will broaden their experience and perspectives. Finally, when general management opportunities arise, they choose the businesses they can be passionate about and the roles that best leverage their expertise.

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ABOUT SPENCER STUART

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