

Chapter 1

The Board–Executive Imperative: Involving Boards and Senior Executives in Supply Chains

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ABSTRACT

This chapter provides a fresh outlook for supply chain optimization by advocating the involvement of boards and top-teams that are uniquely positioned to address a confluence of three strategic responsibilities of a firm: scope and significance; people and culture; and measures and metrics. It provides a holistic corporate context and grapples with tougher issues often deferred or stalled as other initiatives or crises grab corporate attention. This chapter introduces his frameworks and guidelines and selective examples of success and failure in implementation. This chapter assigns primary responsibility for supply chain strategy senior executives. It observes these areas as gradually becoming too operationalized, even commoditized, with local efficiencies emphasized at the cost of gradual overall ineffectiveness. It also dispels six myths that have taken root over time, highlighting their impact and substituting these with today's realities. To make this work more practical, this chapter shares first-hand examples of supply chain practices.

SUMMARY

This chapter revisits the state of supply chains today particularly with regards to top-level perceptions and contributions to the development and monitoring of supply chains. It also provides a fresh outlook for supply chain optimization by advocating the involvement of boards of directors and top-teams which are uniquely positioned to ad-

dress a confluence of three strategic responsibilities: *scope and significance; people performance; and measures and metrics*. Measures and metrics will not be covered here for space limitations, as well as the necessary amount of formal quantitative explanation required. However, it will be covered extensively covered in the author's forthcoming book, *Supplychain Governance Dynamics, 2016*. This chapter provides a holistic corporate context

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and grapples with two tough issues that often interfere with supply chain success: Deferred actions due to lack of senior executive involvement, and or stalled decisions because other initiatives (or crises) grab corporate attention.

Based on the author's rich and diverse experience in corporate governance, business strategy, and operational effectiveness, this chapter introduces frameworks, guidelines, and selective examples of corporate success as well as failures of implementation. The author assigns inclusive responsibility for supply chain strategy to boards and senior executives for scoping of supply chain strategically and the development of people systems and the cultures in and around supply chains. He observes that these areas gradually become too operationalized, even commoditized, and that local efficiencies are emphasized at the cost of gradual overall ineffectiveness. The author also dispels six myths that have taken root over time, highlighting their impact and substituting them with today's realities. These realities have to be embraced by boards of directors and senior executives to create supply chains of the 21st century.

The author suggests that over the last 25 years, the implementation and advancement of selective management's theories has greatly influenced supply chain management—particularly as they have impacted the two issues examined here. To demonstrate the author shares a few first-hand examples of supply chain practices that he has studied over three decades from six continents. Client names have been concealed to honor confidentiality but publicly published examples are duly referenced.

INTRODUCTION

One may wonder: One's impression from articles and speeches is that boards of directors and senior executives are involved in their firm's supply chains. So why the lapse?

As you will see in the author's observations, examples and suggested frameworks that follow, there is a significant chasm between rhetoric v. reality. On the positive side we will cite a few futuristic firms seeking confluence and we will propose approaches that any firm's board of directors and senior executives can apply with confidence to achieve the next level in their supply chain.

Supply chains are often perceived to be operational activities that tackle repetitive processes that spread out and share routines. Operational managers have outdone themselves to ensure that these activities run efficiently. They have also established supply chain organizations with defined roles and responsibilities to encompass a wider domain. Supply chain managers in turn have kept up with advances in this (relatively new) field and have upheld many best practices. This is laudable, particularly given the limited budgets and intense pressure for performance. However, boards of directors and senior executives – when they involve themselves strategically – can foster more efficient supply chains and advance futuristic organizational growth.

As the supply chain field has matured to its present state, it has engendered an unanticipated effect: A chasm between supply chains and firm's boards of directors and senior executives. Some of this was natural; specialized supply chain techniques and technologies that emerged assiduously, and rightly, became the domain of the field. However, strategic considerations for supply chains—scope, people and assessment dynamics—also got subsumed in supply chains management. This has resulted in distance and disengagement by boards of directors and senior executives. Thus, the supply chain excitement of yesteryears has also subsided akin to management hype cycles. Such “adopting, then abandoning” of innovations by management is briefed in a recent article by Birkinshaw of LBS (Birkinshaw, 2014).

The delegation—and relegation—of supply chains has resulted in top-level disconnect and

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