

# **BEING SUCCESSFUL AS A SUPPLY CHAIN MANAGER IN FASHION**

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## **ABSTRACT**

This paper presents the findings of a research project on the competencies that supply chain managers in the fashion industry need, in order to perform successfully in their profession. For this research project 21 supply chain managers in the fashion industry were interviewed. The results give a clear picture of the competencies required of logistics and supply chain managers, in order to operate successfully within their companies.

## **INTRODUCTION**

Each year over 3,200 students in the Netherlands follow a bachelor's study programme in Logistics/Supply Chain Management. As a University of Applied Sciences we set up our curriculum, based on our knowledge of and insight into the demands of the professional field. This is mainly based on lecturers' feelings and experiences which they take from their business contacts, and on formal and informal feedback from the professional field. This information is often subjective, determined by one's personal background. For a few years now, researchers of the HAN Logistics and Alliances Lectorate have done systematic research on the competencies that business people expect from graduates in the field of Logistics. The objective is to help our students reach a competency level that enables them to develop further to a management position in Logistics, or at least to perform successfully in an organization. In practice, it appears that logistics managers in many companies in the Netherlands hardly play a role in formulating the company's strategic policy. There must be a reason for this. Thinking from the perspective of the supply chain theory we can surely recognize the essential influence of logistics on the success in realizing the corporate strategy. Does it have to do with top management underestimating the logistics position? Or is the logistics manager insufficiently equipped to be of any influence to the board room? Several companies give us reason to believe that the latter is true. Why exactly is it that so few of our HBO graduates develop into positions on a strategic level?

It is interesting to ask what competencies supply chain managers have who do work for successful companies that acknowledge the value of logistics in determining strategic policy. This was the primary question in our research.

The underlying purpose of our research was to find out how we can provide our students with a better foundation, enabling them as supply chain managers to understand how they can play a relevant role in determining their company's strategic policy. We intend to reach this purpose by researching and answering three questions:

1. what competencies are required of supply chain professionals by the professional field – not only in terms of professional knowledge, but also especially in terms of skills and attitudes (leadership, communication)?
2. in what ways can such competencies be developed in higher vocational education?
3. what key factors of supply chain management are there for the success of a company?

We have chosen to carry out our research in the fashion industry, for several reasons:

Firstly, pressure on the supply chain in the fashion industry is very high. This trend can be seen in many industries, but in this particular industry pressure is extra high<sup>1</sup>:

- The supply chain is strongly driven by consumer demand – after all, this demand is very unpredictable;
- The products usually have a short life cycle;
- It is about global chains;
- ICT plays an important role in the supply chain.

These characteristics set high standards in terms of quickness of response, flexibility, delivery reliability and level of service. These standards can only be met if the organization has a virtually perfectly designed supply chain which closely fits their strategic (marketing) policy. The work done by the supply chain manager, therefore, is vital for the success of the organization.

Our consideration was to choose an industry where pressure on Supply Chain Management (SCM) is extremely high, in order to distinguish very clearly what factors can make SCM successful.

Secondly, we chose to focus on the fashion industry because there are several successful company strategies. Zara's strategy, for example, is to keep things under their own control and to keep all processes under control as much as possible. This strategy is successful, but so is Zeeman's or Benetton's, even though they work with very different supply chain concepts. The fashion industry is truly complex. Some companies are only retailers, others combine retail with production, or with wholesale. Some focus on the trendsetters' market, others on fashion, Basics and/or Never out of Stock (see figure 1). By comparing the supply chain characteristics of fashion companies with different strategies, interesting conclusions can be drawn regarding their chances for success.

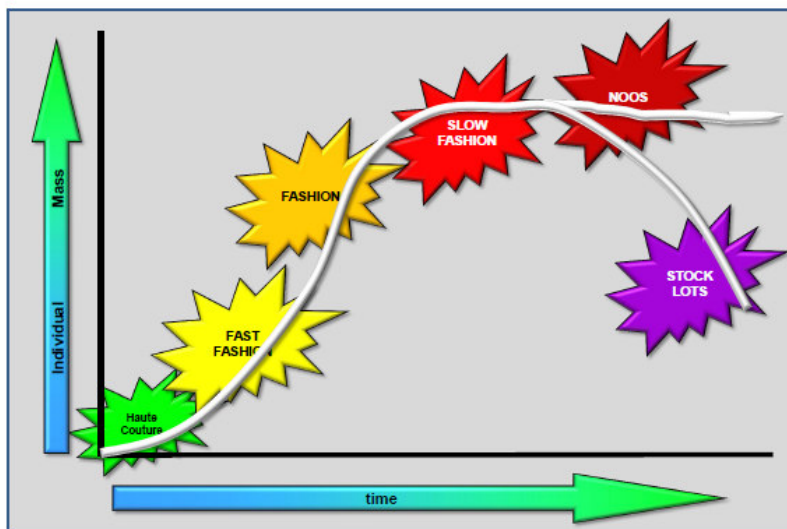


Figure 1: Market Positioning

Please note: Time in this graph stands for how long a products remains fashionable

Our research is in its first stage. In this paper we present the first results.

<sup>1</sup> Aquino, D. and L. Draper (2008)

## RESEARCH METHOD

For the first phase of our research we interviewed 21 supply chain professionals working for fashion companies. For these interviews a questionnaire was drawn up, containing the following aspects:

1. general information about the company
2. general information about the supply chain professional
3. questions about competencies and the development of competencies
  - a. What knowledge does the SC manager need in order to carry his/her job?
  - b. What behavioural competencies does the SC manager need in order to carry out his/her job?
  - c. How has the SC manager developed his/her competencies?
  - d. What events occur which lead to important learning experiences?
  - e. What learning activities has the SC manager gone through?

The questions asked in the interviews were open questions. The reason why we chose for open questions was that we wanted the interviewees to answer spontaneously and that we did not want to put words in their mouths. After all, we did not intend to test our ideas, but to gain knowledge about this. In other words, it was exploratory research. In our selection of the companies to be interviewed we tried to include a diverse selection of companies, in terms of strategy, market sector, size, geographic reach (national, international) and how fast their collections are taken through the supply chain. In figure 1 this is indicated with the terms "fast-fashion, fashion, slow-fashion and never-out-of-stock (noos)".

The SC managers interviewed were very willing to participate in our research. The interviews about the professionals' personal development and the role and method of logistics in their companies yielded a wealth of information which yet has to be processed further. This paper covers the part of our research that could be processed statistically.

## RESULTS

A few years ago Veerecke et al (2008) carried out similar research among supply chain managers, although their research was extended to other aspects as well; they conducted their research among 743 respondents from various branches of industry. Results that are comparable to ours are indicated between brackets, added by a "V".

### **Level of education and study programme of the SC managers**

Of the 21 interviewees, 7 respondents (=33%; V: 62%) have a university degree and 11 (=52%, V: 32%) graduated from higher professional education (HBO). Two interviewees obtained their diplomas at secondary school and one interviewee finished senior secondary vocational education (MBO). This shows that it is very well possible to graduate with a bachelor's diploma and develop further to a position at strategic level, or a position close to this.

14 out of the 18 SC managers with an HBO or university education (= 78%, V: 49%) followed a study programme in economics. Three finished a technical study programme and one graduated from a computer technology study programme. 5 of the managers studied in a logistics programme.

### **Level, working field and process responsibility in an SC managing position**

In order to gauge the SC manager's influence on a company's policy it is helpful to indicate the level of the SC manager's position in the organization. We distinguish four different levels:

<b>Job level</b>	<b>Number of interviewees</b>
1 Managing director / Owner	3
2 Member of the management board	8
3 Department manager	9
4 Other	1

Table 1: Interviewees' job levels

Most supply chain managers we interviewed hold a position at level 2 or 3. Additionally, we asked if their field of work was national, European, or worldwide. The conclusion was that for the most part, the SC managers deal with international chains. 6 out of 21 SC managers work at a national level, while 7 are responsible for the supply chain at a European level and another 8 operate worldwide.

An SC position is also characterized by the level of responsibilities for management processes. For this we based our research on the SCOR model. The results show the division below:

Plan	Source	Make	Deliver	Return
14	4	5	20	18

Table 2: Responsibilities of the SC manager for management processes according to SCOR

The core tasks of the SC manager are to provide guidance of the chain through planning, the execution of the delivery and dealing with returns. Purchase and production are part of the SC manager's responsibilities if the fashion company has its own production. If the company is a retailer only, purchase and production are rarely the responsibility of the SC manager.

### **Experience in SC positions**

As researchers we were also interested in hearing how long the interviewees have worked in a certain SC position and in their company in general, and if this was an important aspect.

Years	Holding an SC position	Working for the company
0 - 5	5	7
5 - 10	4	6
More than 10	12	8

Table 3: The number of years in which the interviewee has worked in a supply chain position and for their current company in general

These results show that the majority of the SC managers interviewed have much experience in supply chain management. Also, the SC managers have quite a lot of experience gained in their current company.

### **Knowledge and behavioural competencies needed**

The respondents were asked open questions about the fields of knowledge they deemed necessary. In doing our research, it is not easy to draw up a ranking based on the respondents' answers. On the other hand, this method of using open questions does show which fields of knowledge the interviewees see as most important. In table 4 we have clustered the answers that were given. For example, all answers mentioning costs were combined under knowledge about business economics. Performance indicators, on the other hand, remained a separate topic. We realize that other combinations are also possible; our combination suffices as a preliminary classification.

<b>Field of knowledge</b>	<b>Number of interviewees who mentioned this field of knowledge</b>
Business economics	17
Information and communication technology (ICT)	16
Warehouse Management	13
International trade/customs procedures	11
Commercial knowledge	9
Knowledge of processes and process control	8
Transport	5
Purchase	5
Performance indicators	4
Recent technological developments	4
Overview of the chain	4

Table 4: Fields of knowledge that the SC managers interviewed regard as important for performing well in their position

Notable, but not surprising, is the fact that knowledge of business economics and ICT scored highest. An important task of an SC manager is, after all, to make sure the chain works at low costs. To guide this process, insight into cost structures are essential, and so is knowledge of a well-structured, cogent ICT system.

Besides this, the answers given showed a trend that had been noticed earlier (Veereke, A. et al., 2008): knowledge of the business context, e.g. knowledge of laws and regulations and international business practices are becoming increasingly important.

When it comes to behavioural competencies, the personal characteristics that are particularly expected of the SC manager include flexibility, a high level of intrinsic motivation, curiosity and immunity to stress. On top of this, an SC manager must have outstanding communicative skills and leadership qualities: dealing with people, communicating at different levels, being able to motivate others. Lastly, an SC manager's way of thinking and the actions they take are important for success: using a problem solving, action oriented approach, being pro-active, thinking strategically, being customer-oriented, thinking and working in a multidisciplinary way, and supporting cooperation.

<b>Behavioural competency</b>	<b>Number</b>
Dealing with people/socially capable	15
Flexibility	13
Using a problem solving, action oriented approach	13
Showing a high level of intrinsic motivation	9
Anticipating, being pro-active	8
communicating at different levels	8
Curiosity	8
Being able to motivate others	8
Being able to think strategically, having vision	8
Immunity to stress	7
Customer oriented	6
Being able to think and work in a multidisciplinary way	6
Willingness/ability to cooperate	6
Serving as an example	5
Having a sense of responsibility	5
Empathy	5

Patience	4
Being able to listen	4
Tenacity	4
Eye for detail	3
Analytical skills	3
Language skills	3
Being able to translate strategy to a tactical and operational level	3
Being able to delegate	3
Self-knowledge	3
Willingness to change	2
Being passionate about one job	2

### **CONCLUSIONS:**

In this paper we present the first conclusions of our research. Shortly, we will also publish the rest of our findings, especially about SC managers' learning experiences. For now, we have drawn the conclusions below:

1. The supply chain managers we interviewed are professionals with a high level of intrinsic motivation and curiosity. After finishing each interview, this was the impression that interviewees consistently left with us. This is also the image that the supply chain managers have of themselves.
2. A successful SC manager must have knowledge of logistics; classical logistics knowledge, with a substantial amount of knowledge about costs and ICT. In addition, knowledge of the business context – international trade, customs procedures – is becoming increasingly important.
3. However, having knowledge of logistics in itself is not enough. To be successful the SC manager is expected to possess
  - a. well-developed personal attitudes
  - b. good communication skills
  - c. the ability to keep thinking and actions in good harmony.
4. Especially personal attitudes stand out, but also communication and thinking and actions are important.
5. The things mentioned above show that there are high expectations of supply chain managers. Facing these expectations, it helps if an SC manager has a fair share of experience in both the supply chain and the company. Many managers we spoke had already been active in the supply chain for a long time, and quite long in their company as well. Knowledge of the business context is greatly important.
6. These requirements also ask a lot of universities. How should students be trained to develop their personal attitudes in order to become successful SC managers? In fact, we do not know very much about the question how we, as a University for Applied Sciences, can help students to develop their attitudes in a SCM business context. Is it only possible to improve one's attitude in business practice? How can these processes best be guided or managed? What elements can be incorporated in current curriculae of universities?
7. These kinds of questions have to be addressed in the next phase of our research.

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