



DHL RESEARCH BRIEF

# **THE SUPPLY CHAIN TALENT SHORTAGE: FROM GAP TO CRISIS**

DHL Supply Chain

# THE SUPPLY CHAIN TALENT SHORTAGE: **FROM GAP TO CRISIS**

By Lisa Harrington, president, lharrington group LLC and senior research fellow, Robert H. Smith School of Business, University of Maryland.

The supply chain sector is facing a talent shortage that is quickly escalating from a gap to a potential crisis. The U.S. Bureau of Labor Statistics reports that jobs in logistics are estimated to grow by 26 percent between 2010 and 2020 while one global study estimates that demand for supply chain professionals exceeds supply by a ratio of six to one.<sup>1</sup>

Others put those numbers even higher. “For every graduate with supply chain skills there are six holes to be filled, and it could be as high as nine to one in the future,” warns Jake Barr, CEO of BlueWorld Supply Chain Consulting. The situation is exacerbated by the exodus of baby boomers from the workforce. Some studies assert that 25 to 33 percent of the current supply chain workforce is at or beyond retirement age, and the backfill pipeline is inadequate to satisfy replenishment demand.

Leading companies understand they must act to resolve this situation, or face the effects of having the wrong kind of talent to run their supply chains. The potential consequences are worrying – in some industries the talent gap could threaten the ability of companies to compete on the global stage.

So, what are organizations doing to address the problem? To find out, DHL Supply Chain surveyed over 350 supply chain and operations professionals in the five major regions of the world. This report summarizes the key findings.

**“For every graduate with supply chain skills there are six holes to be filled, and it could be as high as nine to one in the future”**

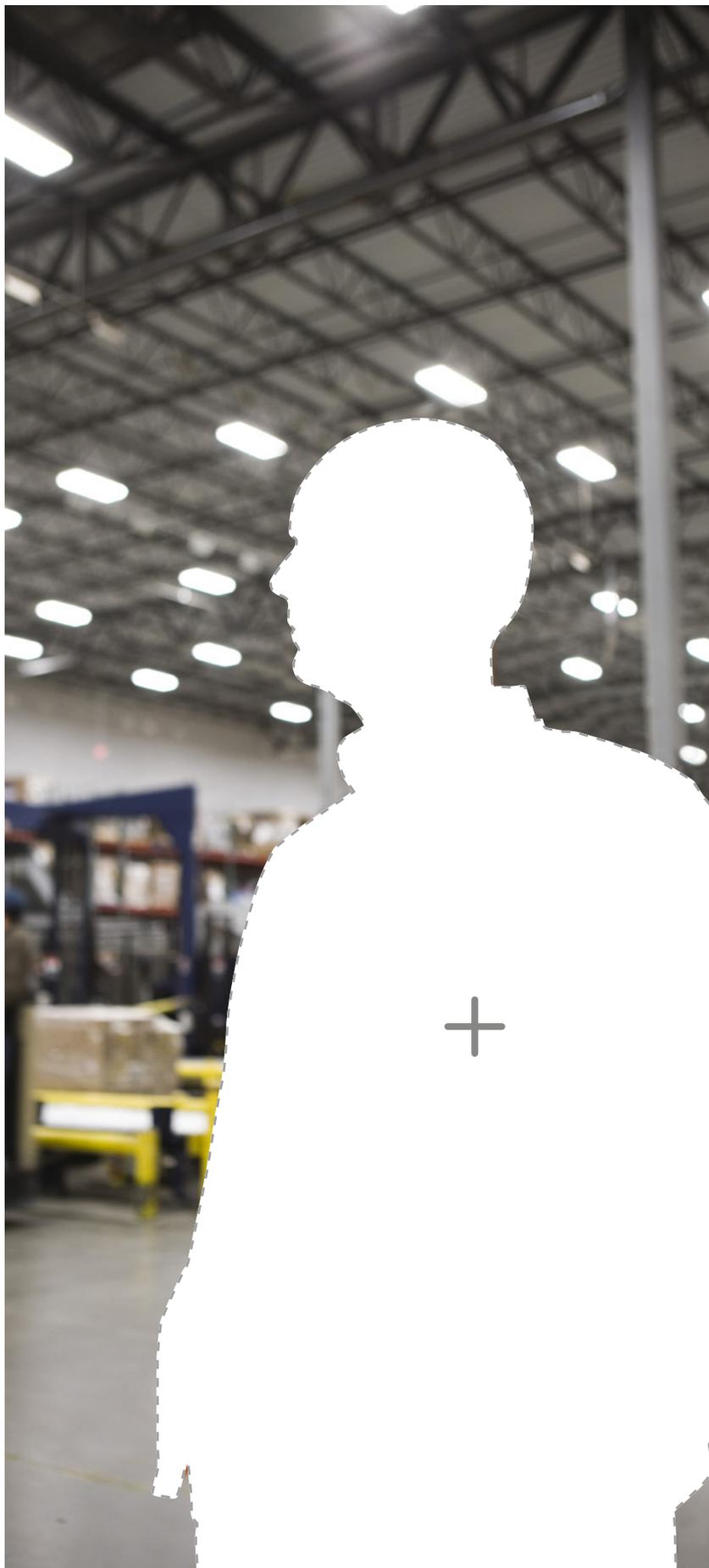
Jake Barr, CEO  
BlueWorld Supply Chain Consulting

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<sup>1</sup> Christopher Craighead and Kusumal Ruamsook, “A Supply Chain Talent Perfect Storm?” Supply Chain Management Review, 2014.

## SURVEY RESULTS: HIGH-LEVEL TAKEAWAYS

- The factor with the greatest impact on the talent shortage is changing job requirements.
- Today, the ideal employee has both tactical/operational expertise and professional competencies such as analytical skills. Fifty-eight percent of companies say this combination is hard to find. But tomorrow's talent must also excel at leadership, strategic thinking, innovation and high-level analytic capabilities.
- Nearly 70 percent of survey respondents list "perceived lack of opportunity for career growth" and "perceived status of supply chain as a profession" as having a high or very high impact on their ability to find, attract and retain talent.
- Only 25 percent of the survey participants say their company views supply chain as equally important as other disciplines. In contrast, 40 percent see supply chain talent's value in a situational context – i.e., either a commodity or corporate asset, depending on the level and position.
- Leading companies are working on the shortage problem. They are taking steps to create more robust talent pipelines, and develop their supply chain workforce – through clear career pathing, education, cultural adaptation, talent development partnerships and other means.
- One third of companies surveyed have taken no steps to create or feed their future talent pipeline.



**HIGH  
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## SURVEY RESULTS: A CLOSER LOOK

### Causes and effects

Without question, the overall demand for supply chain talent is driving a global shortage. Sixty-seven percent of respondents to the DHL survey cited this as a high or very high factor.

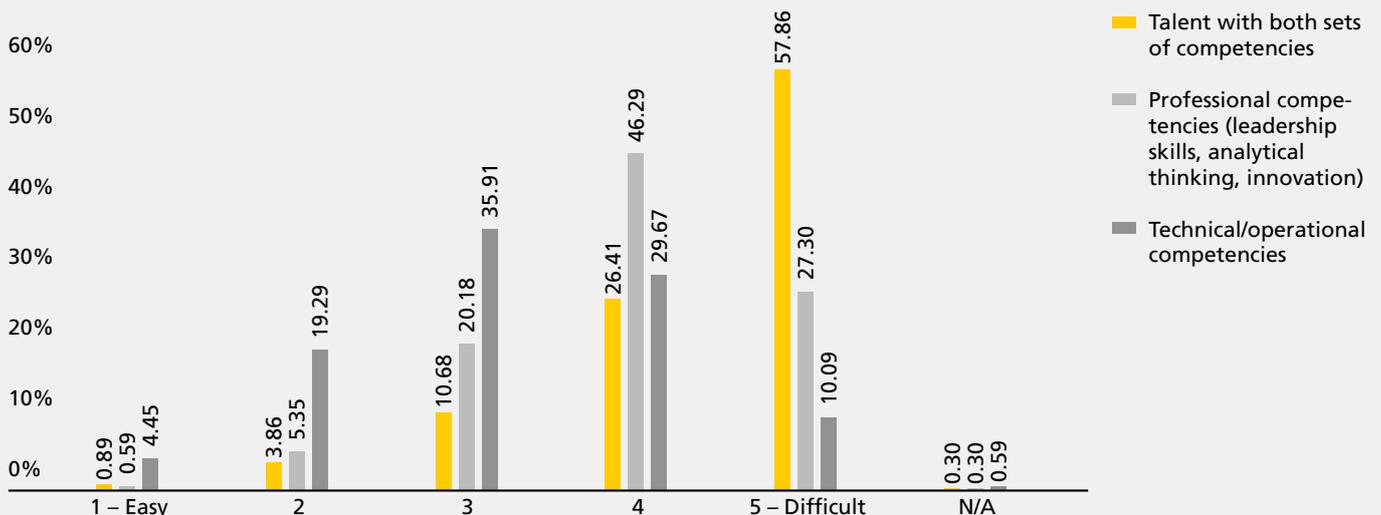
But, high demand is not the main reason for the shortage.

According to the responses, changing job requirements is the biggest single driver behind the shortage. Eighty-six percent of respondents ranked this factor at either a four or five – high or very high – in terms of its effect on companies’ ability to find the right talent.

It is relatively easy to find people who are technically fit for jobs – only 10 percent of survey participants say they have a problem in this area. Finding talent with solid professional competencies is a bit tougher – 27 percent indicate difficulty.

But the real challenge today comes when organizations try to find talent with both sets of attributes. Here, 58 percent report having had trouble.

### HOW EASY OR DIFFICULT IS IT TO ACQUIRE TALENT WITH THESE SKILLSETS?



In terms of experience level, entry level people are easy to attract and hire. Middle management is harder to find – 46 percent of respondents indicate a high level of difficulty. But executive level beats both, with 73 percent ranking this category a five – most difficult.

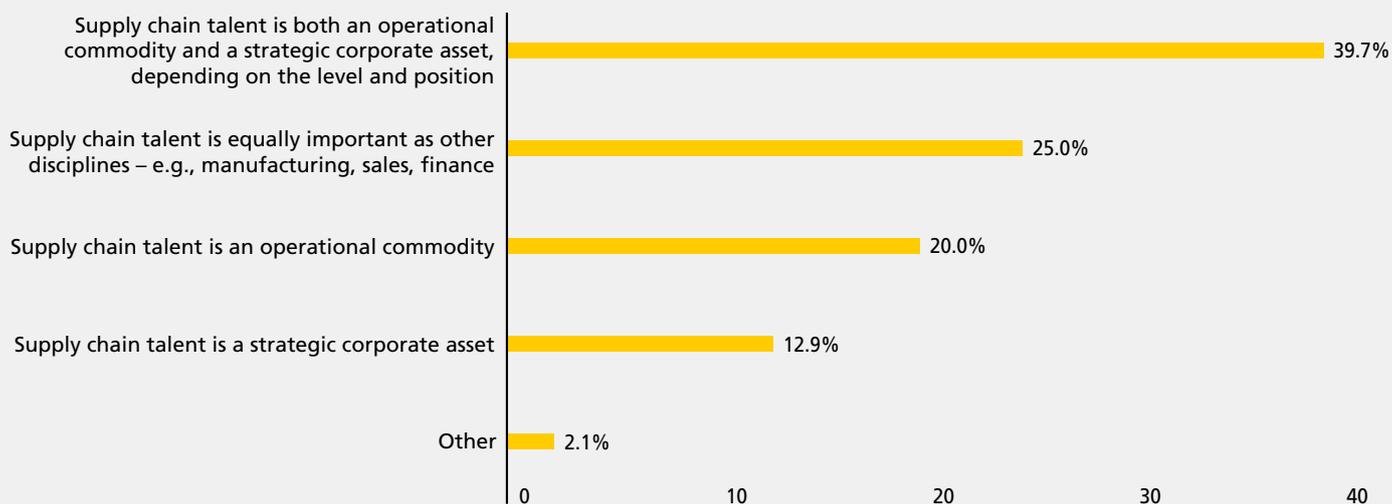
A related survey question asked what variables impact organizations’ supply chain talent sourcing and retention. Interestingly, the top scoring elements on this question all revolved around supply chain’s image as a career.

The industry has known for years that it has an image problem. The widespread perception, especially in emerging markets, is this: Supply chain is not as “good” a career as one in finance, operations, manufacturing, product development, marketing or sales. While the industry has worked hard to change this perception, judging by the DHL survey results, it still has a way to go.

Nearly 70 percent of respondents list “perceived lack of opportunity for career growth” and “perceived status of supply chain as a profession” as having a high or very high impact on their supply chain talent management endeavors. In a related finding, 59 percent of survey participants report having difficulty retaining talent.

Companies themselves may be part of the problem. Only 25 percent of the participants say their company views supply chain as equally important as other disciplines. In contrast, 40 percent see supply chain talent’s value in a situational context – i.e., either a commodity or corporate asset, depending on the level and position.

### WHICH STATEMENT BEST CHARACTERIZES YOUR COMPANY’S PERCEPTION OF SUPPLY CHAIN TALENT?



Another issue that may affect acquisition and retention is that organizations appear to struggle with integrating “old” and “new” ways of working. Sixty-two percent of survey participants report “culture clashes” around such issues as how talent wants or expects to work, what kind of environment employees are willing to work in, and how they expect to be managed.

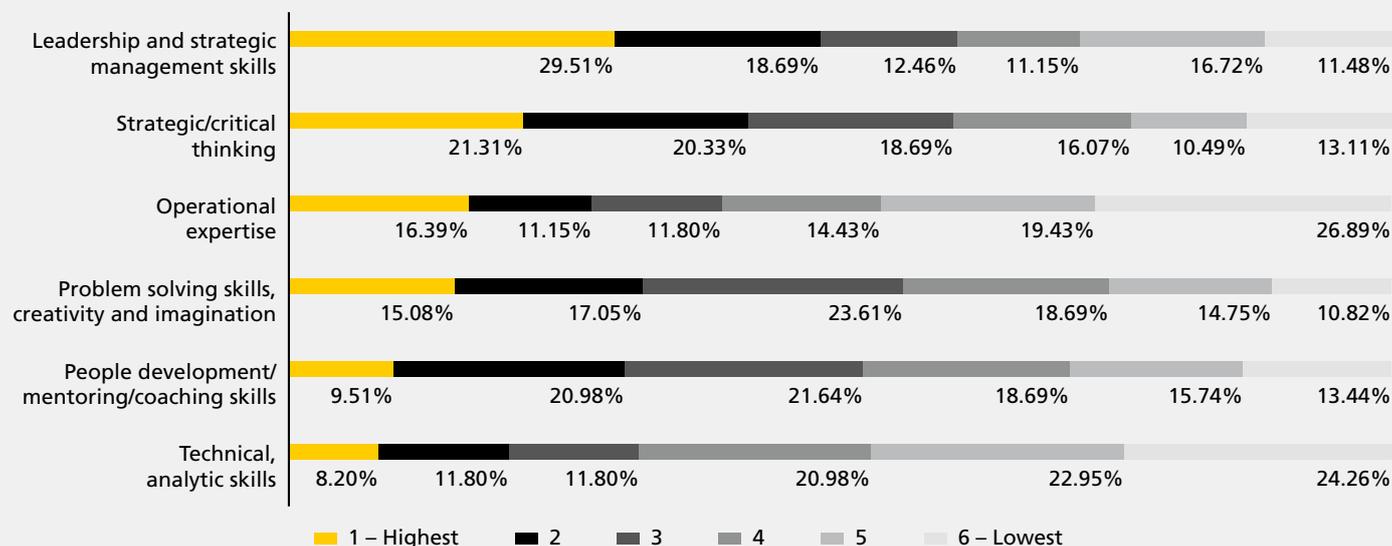
Finally, despite dire headlines about the lack of a talent pipeline to backfill for the baby boomer retirement bubble, only 37 percent of the DHL survey pool rated an “aging workforce” as having a high or very high impact on their organization’s talent management environment.

**Skills and strategies for tomorrow**

Looking to the future, what skills will be required for the supply chain professional of 2020? Interestingly, compared to the competencies valued highly today, future requirements look very different. The primary emphasis broadens to include more strategic abilities. When asked to rank the most important skills a supply chain manager of the future must have, the top three responses were:

1. Leadership
2. Strategic and critical thinking
3. Problem-solving skills, creativity and imagination

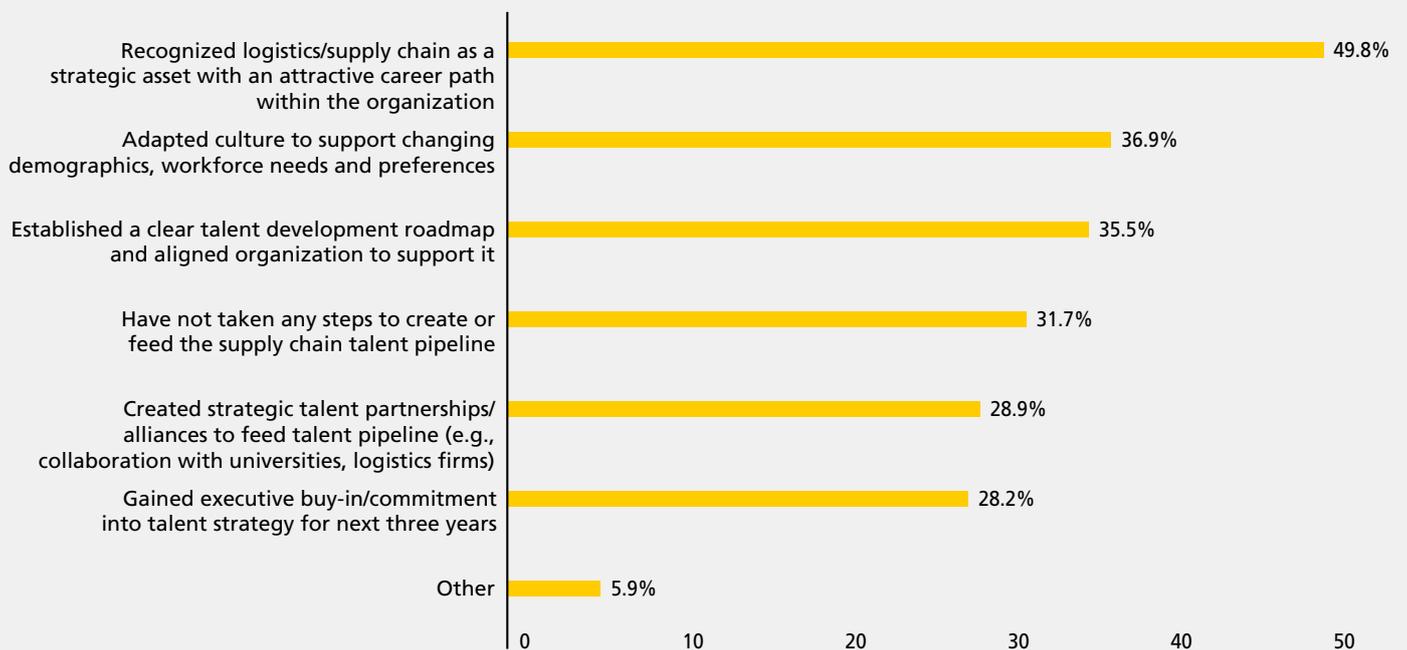
**PLEASE RANK THE SKILLS YOUR SUPPLY CHAIN MANAGER OF THE FUTURE (BY 2020) MUST HAVE**



How confident are companies that they will have the right logistics talent, technical and strategic competencies to meet their strategic objectives in 2020? Forty-one percent of respondents are moderately certain they are prepared for this issue, but only four percent are extremely confident.

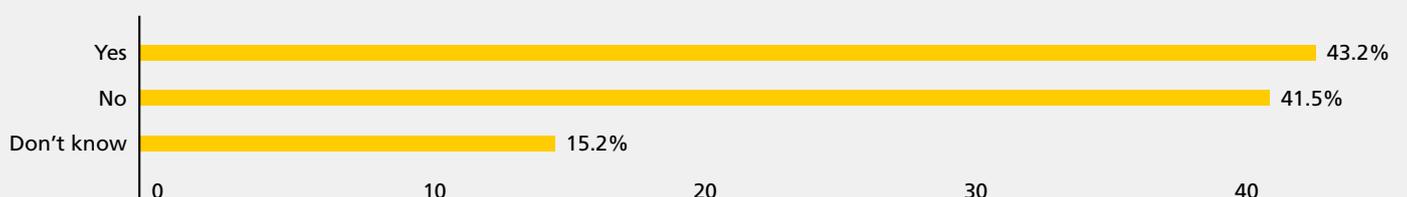
What talent-related steps are businesses taking to ensure their 2020 supply chain? Here, the survey suggests both good and bad news. The good news is that nearly 50 percent of respondent organizations have recognized that logistics and the supply chain are strategic assets, although only one third of them are organizationally aligned along a clear talent roadmap.

**WHICH OF THE FOLLOWING STEPS HAS YOUR ORGANIZATION TAKEN TO CREATE AND FEED ITS SUPPLY CHAIN TALENT PIPELINE?**



The bad news is that 32 percent of the companies surveyed “have not taken any steps to create or feed their supply chain talent pipeline” for the future. In a competitive environment, where human capital provides the intellectual, strategic and operational excellence that differentiates winners from losers, such inaction seems a risky course indeed. Forty-two percent do not have a talent management strategy in place to support their needs over the next three years, and 15 percent don’t know whether such a strategy exists in their organization.

**DOES YOUR ORGANIZATION HAVE A TALENT MANAGEMENT STRATEGY IN PLACE DESIGNED TO MEET YOUR NEEDS OVER THE NEXT THREE YEARS?**

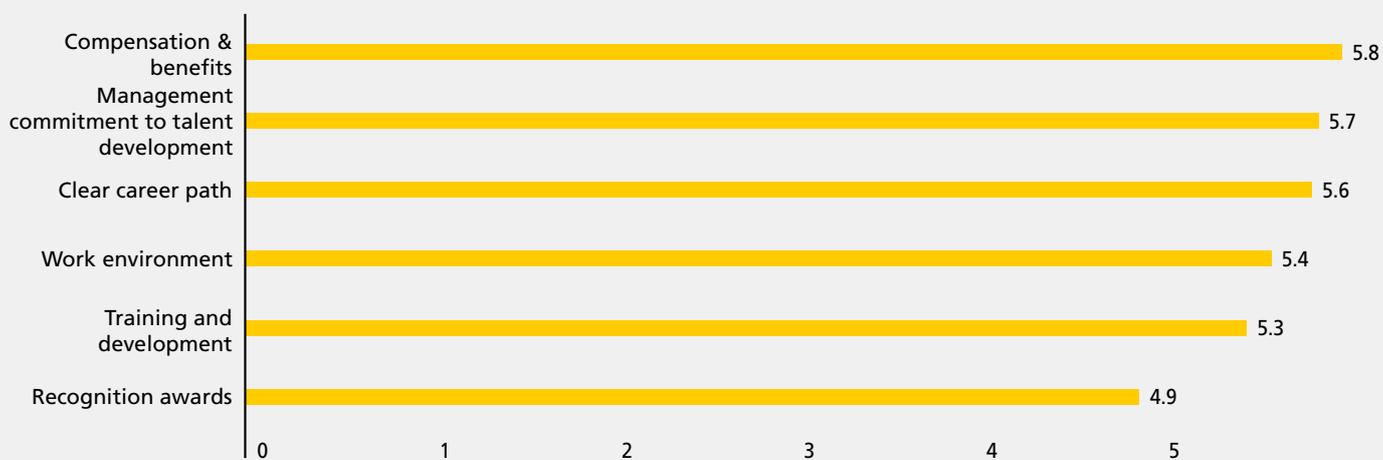


For those companies with a plan for growing their supply chain workforce, what tactics do they deploy? The top-scorers include:

- 65 percent of companies encourage professional development through such means as certifications and in-house training
- 44 percent of companies are creating an adaptive, flexible work environment
- 34 percent provide clear opportunities for career growth
- 32 percent have established job rotation programs

Looking at the issue of attracting and retaining talent for the long term, what should companies offer to attract and keep talent? On an aggregated score, compensation and benefits took first place. Notably though, “management commitment to talent development” ranked second.

### PLEASE RANK THE FOLLOWING ATTRIBUTES IN TERMS OF THEIR IMPORTANCE TO A TALENT DEVELOPMENT/RETENTION PROGRAM



#### A powerful opportunity

The supply chain industry has a clear challenge ahead of it in tackling the talent shortage issue. Companies have made progress, but there’s still a long way to go. As such, there are tremendous opportunities for improvement. And the rewards are worth the effort. As a Boston Consulting Group study recently found, companies that excel in talent management increased their revenues 2.2 times as fast and their profits 1.5 times as fast as “talent laggards.”<sup>2</sup>

<sup>2</sup> <https://www.ereimedia.com/tlnt/study-finds-link-between-talent-leadership-and-financial-performance/>

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