

Recruitment: Skilled staff are harder to find than ever

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Working in the supply chain may not seem the obvious career for ambitious young arts graduates from good universities. But employers are wooing them as they search for people with the broad range of talents needed to oversee the entire journey of a product from sourcing to customer delivery in today's globalised market.

Ocado, the UK online supermarket, is open to people who have studied English or Classics in addition to those with technical or business degrees to train in-house. "They need to be bright, problem solvers, critical thinkers, to stay calm and perform well under pressure and work in teams," says Julie Markey, head of human resources at Ocado

A high degree of numeracy is also crucial. Supply chain management requires the ability to analyse data very quickly. California-based Karen Butner, supply chain management leader for IBM Institute for Business Value, says: "It's about understanding demand and not having lots of inventory waiting to see whether customers will buy."

Being innovative is another key characteristic. Ocado achieved huge cost-savings when it found a way to transfer customer orders directly from large trucks into smaller delivery vans by rolling them down a slope rather than using fork-lift loaders.

Reducing packaging and speeding up warehouse conveyors are other big challenges. But supply chain managers also need softer skills.

"The whole concept of supply chain has evolved since the days when people went into warehouse management," says Ms Markey. "Now, it is more about understanding what customers want and getting their feedback, rather than What do I want to sell and how can I get it in my shop?"

Finding people with this mixture of skills is tough, as highlighted in a recent supply chain study by IBM. Some 26 per cent of the 664 organisations questioned worldwide cited talent management as one of their top three challenges.

During the past 10 years, globalisation, recession and market volatility have made supply chains much more complex, says Ms Butner. Organisations need supply chain managers with the talent to set up systems that give them information at their fingertips, and make quick decisions.

There is huge scope for things to go wrong, says Ms Butner. "To make everything work, supply chain managers need vision, leadership, procurement, logistics and operational skills."

Many companies take the Ocado approach and develop talent in-house. Others are increasingly subcontracting activities such as transport, warehousing and customs and excise. "Some are outsourcing procurement, call-centres, and even engineering and product design," says Ms Butner.

Globalisation has increased the need for companies to find local people who know the language and culture. Supply chain managers need to understand the impact of a slowdown in cotton production in Pakistan or a flood in Bangladesh, says Nick Jones, chief executive of Ligentia, a UK-based logistics company specialising in China and Vietnam.

Retailers in the west have turned Valentine's day, Halloween and Christmas into huge sales opportunities, but a go-slow in the shipping industry to cut costs can have a huge effect on retailers by adding two or three days to journey times, he says.

Anti-dumping regulations in Europe and protectionism in the US can also cause disruption. "Companies need agile supply chains and the ability to move from region to region, but there is a constant shortage of talent capable of managing this," says Mr Jones.

Universities and business schools are introducing supply chain programmes to fill the gap, including the London Business School (LBS) and Cranfield School of Management in the UK, MIT in the US, and the University of Zaragoza in Spain.

The main problem of skills shortages is at higher levels, says Jérémie Gallien, LBS's associate professor of management science and operations. Even at chief executive level, people need a better understanding of supply chain issues, such as whether to make or buy in, he says.

"When IBM launched the PC, it made a supply chain decision to outsource the operating system to Microsoft," says Prof Gallien. "Had it anticipated the outcome, it would probably have done it in-house."

Zara, the clothing retailer, and **Dell**, the US PC company, demonstrate what clever supply chains can achieve, he says. Zara can respond quicker to customer preferences than competitors by sourcing products closer to its market, in North Africa, the Iberian Peninsula, and eastern Europe, rather than procuring at the lowest cost in India, China or Africa.

Dell was highly successful with its direct sales model when other PC companies used dealers and retailers.

To develop employees with the ability to spot such opportunities, companies need to reinstate their in-house training programmes, says Mr Jones. "During the past three years, they've cut back hugely and are no longer supplying the industry with talent."

Consolidation has exacerbated the problem. In 2004, the UK's Tibtett & Britten was acquired by US-based Exel, which the following year was bought by [Deutsche Post](#), which had already acquired DHL Express. With each takeover, there tends to be a shedding of staff, says Mr Jones.

As a result, there is a huge shortage of talent because many of the best people change roles or leave to work for consultancies.

"Consultants are the hidden enemy for logistics, because they come in and pick off all the bright talent which they hire out again at five times the rate. If this goes on for another two years, and trade picks up, it will be too late," says Mr Jones.

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