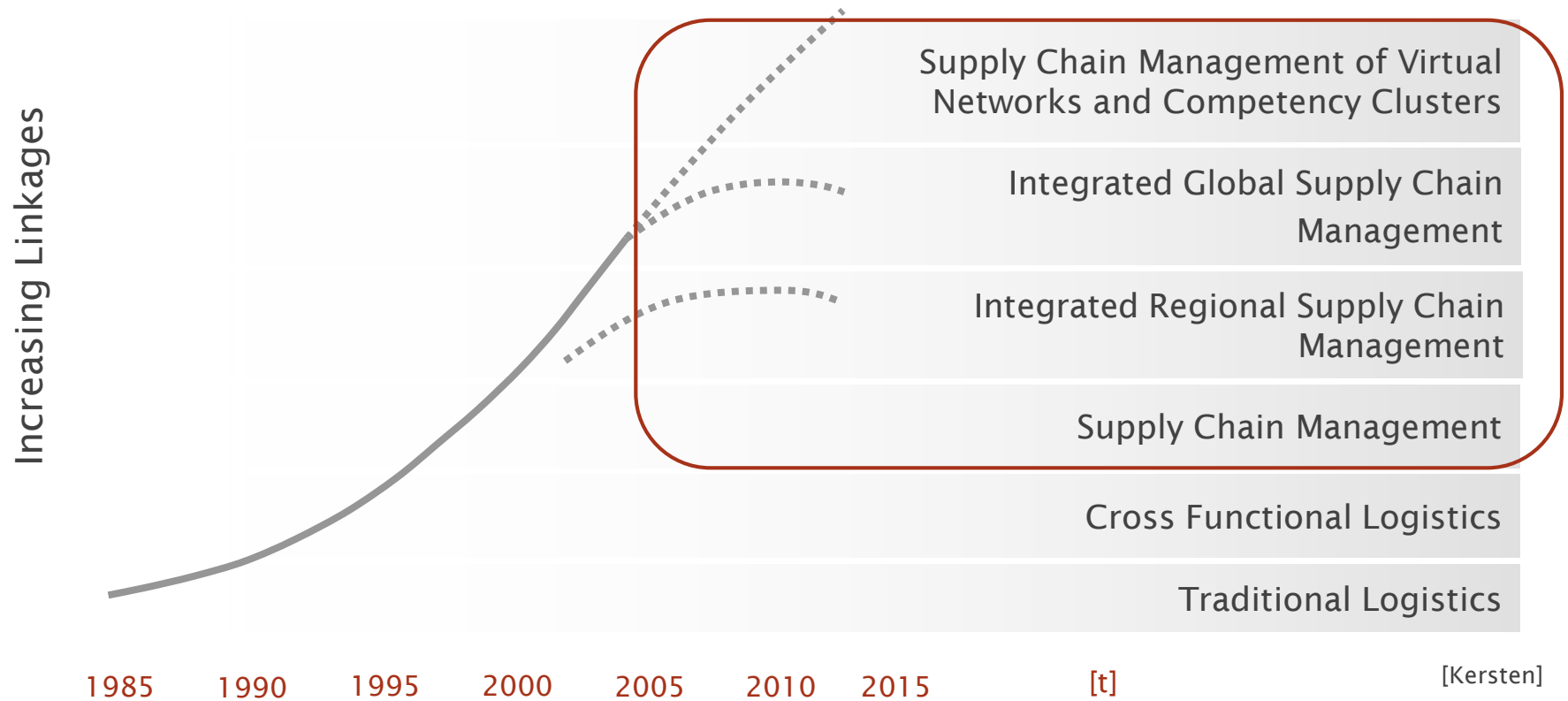


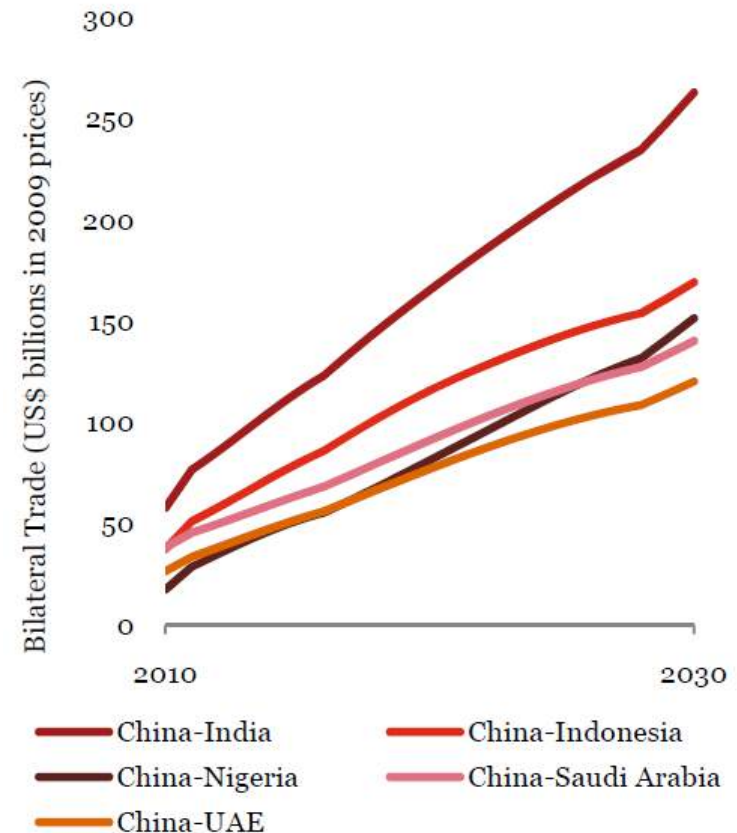
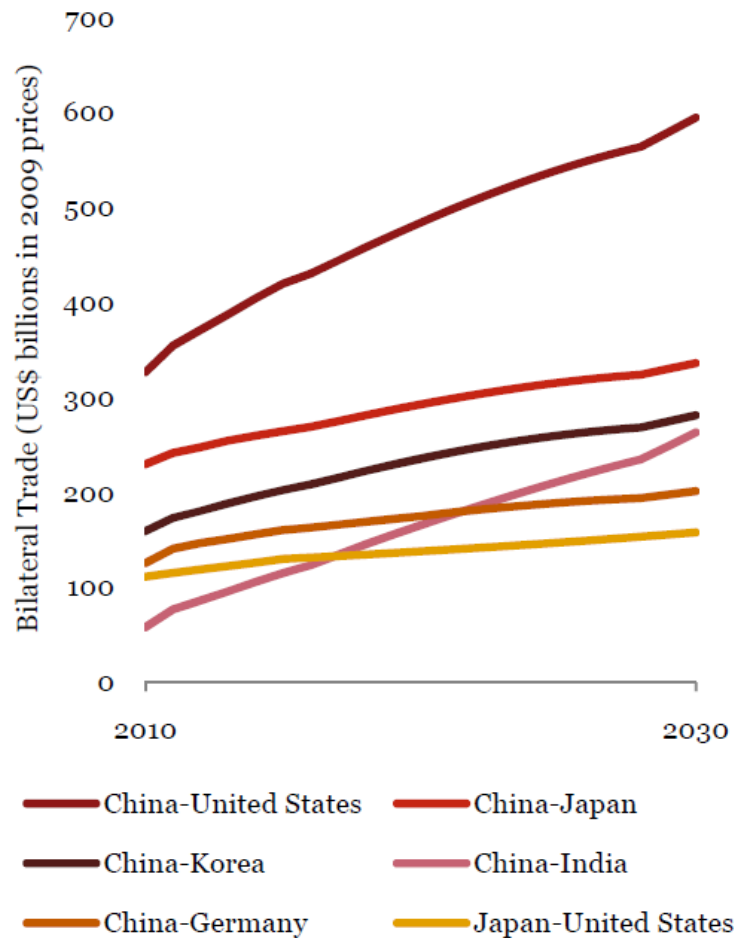
# LEADERSHIP AND LOGISTICS – THE WAR FOR MANAGEMENT TALENT IN LOGISTICS

## OVER THE PAST SEVERAL DECADES LOGISTICS AND SUPPLY CHAIN MANAGEMENT HAVE BECOME MORE COMPLEX



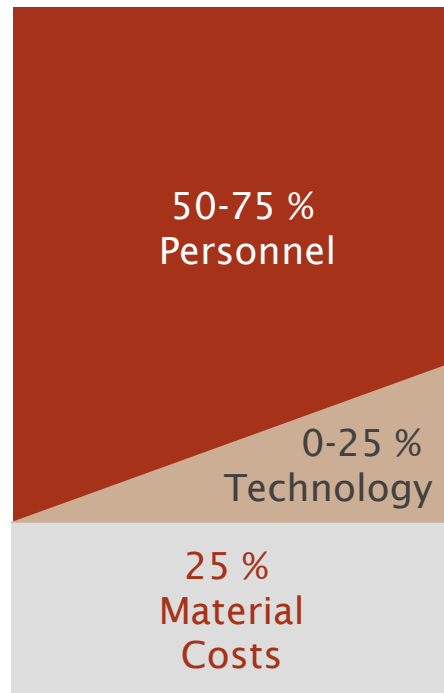
- Logistics and supply chain management requirements vary depending on industry and position in the supply chain

# GROWTH IN COMPLEXITY IS A RESULT OF GLOBALIZATION AND INDUSTRY EXPANSION



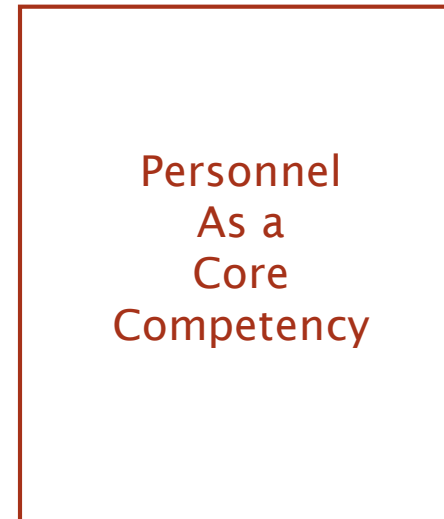
BECAUSE LOGISTICS IS A SERVICE INDUSTRY, ITS PERSONNEL MUST BE APPROPRIATELY SKILLED IF THE INDUSTRY IS TO SUCCESSFULLY RESPOND TO CHANGE

Cost structure of a Logistics Service Provider



[Emmerich, et.al.]

Skills Portfolio



- Success in logistics depends on the skills of the staff

## HOWEVER, THE EVOLVING COMPLEXITY OF THE INDUSTRY HAS CHANGED THE SKILL REQUIREMENTS FOR KEY PERSONNEL...

**Figure 6: Leadership and professional competencies of company's employees**

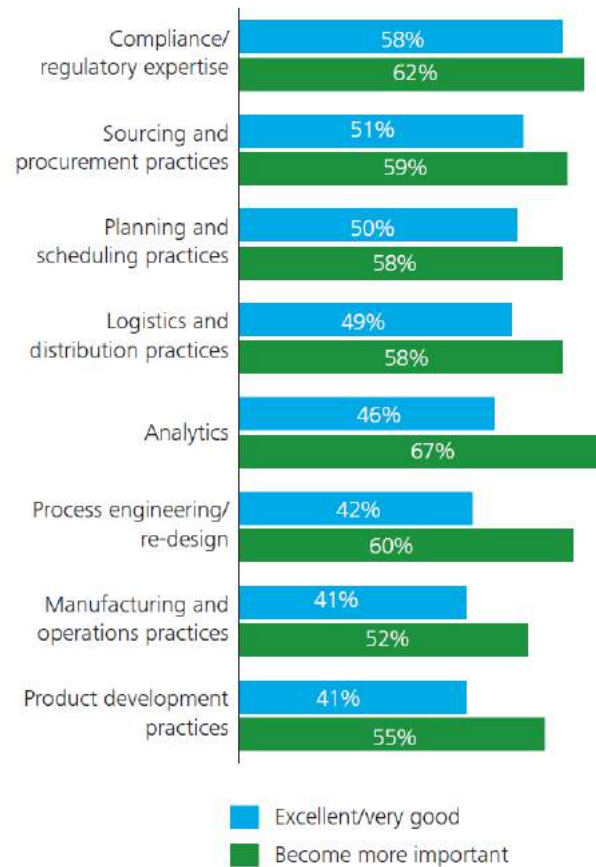
*Current performance versus expected change in importance*



Source: Deloitte – Supply Chain Talent of the Future

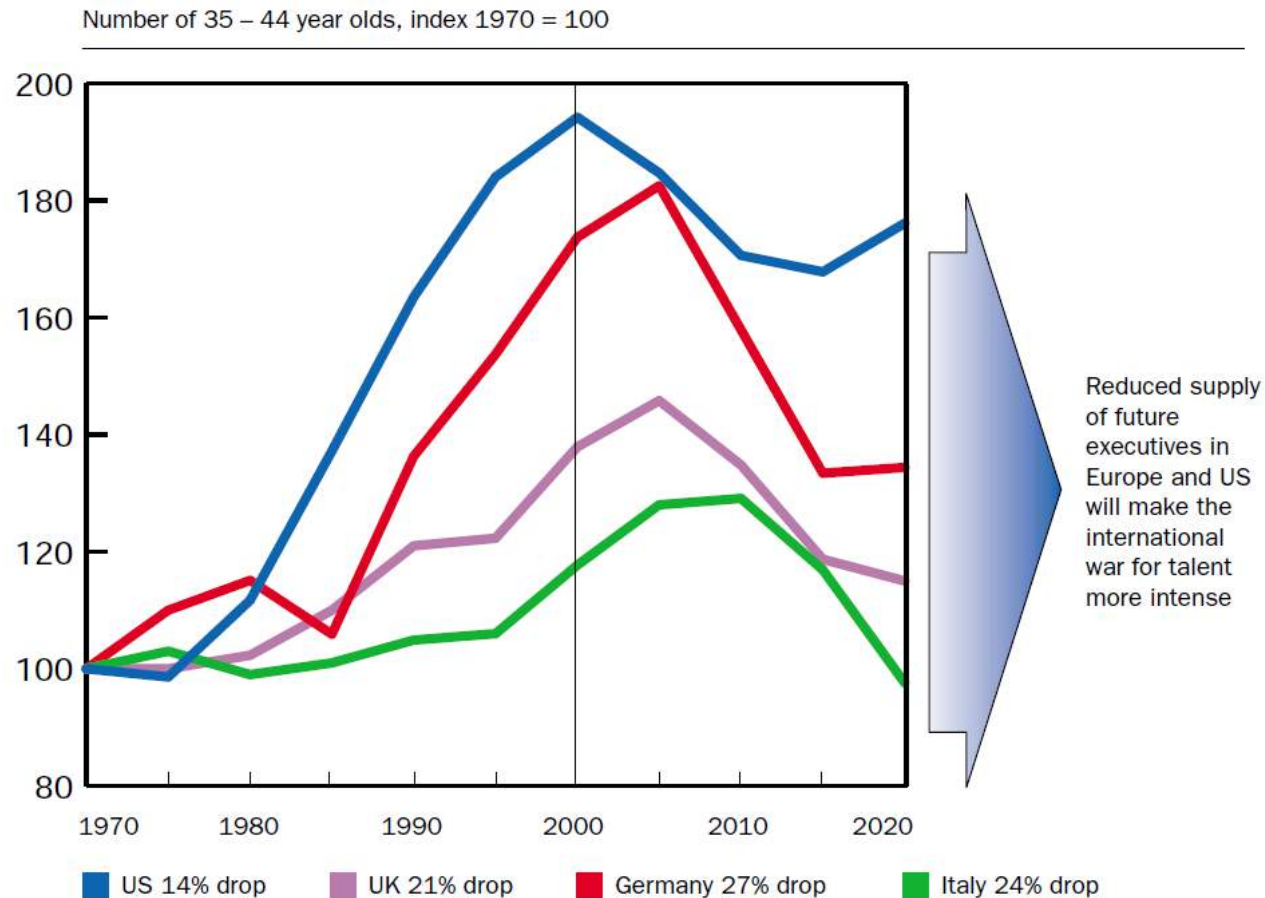
## ...AND THE SKILLS AVAILABLE FROM THE EXISTING TALENT POOL DON'T MATCH INDUSTRY REQUIREMENTS

**Figure 7: Technical competencies of company's employees**  
*Current performance versus Expected change in importance*



Source: Deloitte – Supply Chain Talent of the Future

# MAKING MATTERS WORSE, THE POTENTIAL TALENT POOL IS GETTING SMALLER



Footnote: Percentage drop is peak to trough decrease over the period 2000-2020  
 Source: U.S. Bureau of the Census, International Data Base

# UNFORTUNATELY, THE CURRENT APPROACH TO EDUCATION AND TRAINING OF PROFESSIONALS IN THIS FIELD HAS NOT RESPONDED TO THESE CHANGING CIRCUMSTANCES

## EXHIBIT 1

### A Tetralogy of Supply Chain Talent Trends

#### Industry Demands for New Supply Chain Talent

Estimated demand for supply chain professionals exceeds supply by a ratio of six to one. The high level of hiring activity for all types of logistics and supply chain positions, combined with a significant decrease in expected layoffs in 2011 to 12, create the level of net job growth in the operations and supply chain management professions that is not only the highest since the global recession began, but also higher than the average for all occupations.

#### Supply Chain Talent Gaps

More than 60 million Baby Boomers will exit the workforce by 2025, but only 40 million new bodies will enter, creating a "hollowed-out middle" and even senior-level management positions.



#### Potential Business Faculty Shortages

The shortfall of new business doctorates available for faculty employment is estimated at 2,500 by 2014. Of current full-time business faculty in the United States, only about 1 percent is in supply chain management/transportation/logistics field.

#### Supply Chain Profession Dynamics

As an industry, supply chain is evolving as a highly educated sector rich in "hard" analytical skills. However, three out of four jobs in supply chain will change by 2015, suggesting that being rich in "hard" skills is no longer sufficient. A set of "soft" and "hard" skills, leaderships, and cross-functional competencies essential for professional and organizational success in the 21st Century will continue to broaden and constantly evolve.

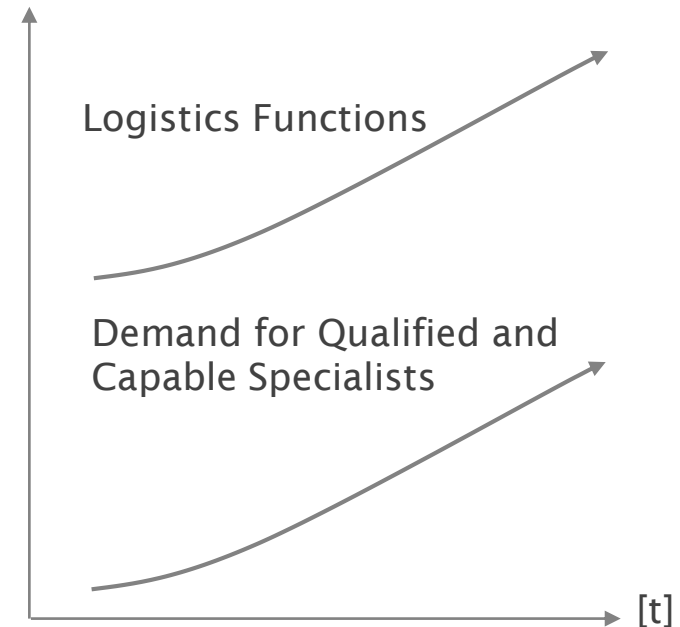
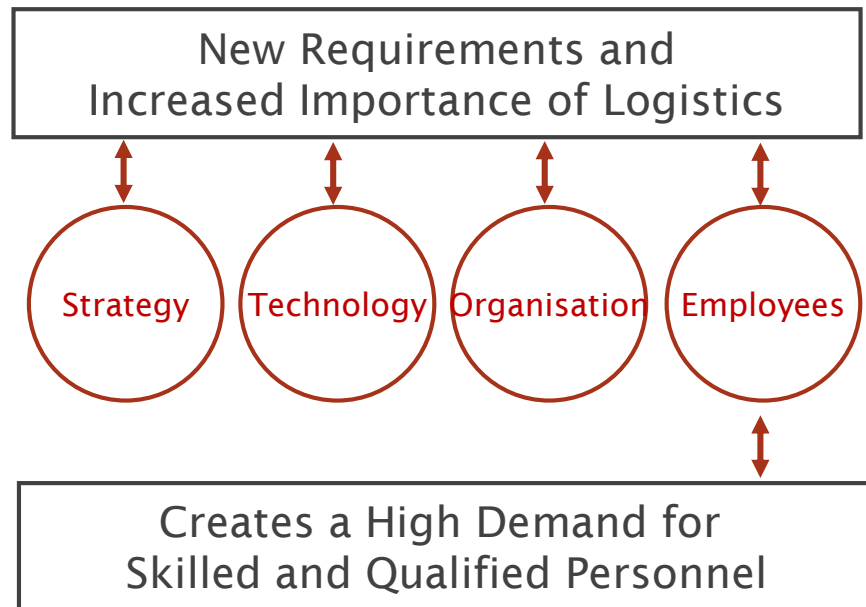
Source: Supply Chain Insights – "Talent – The future supply chain's missing link"



## SO WHAT IS CREATING THIS PROBLEM IN CHANGING HOW LOGISTICS PROFESSIONALS ARE EDUCATED AND TRAINED?

- The current approach to training logistics professionals is characterized by a lack of transparency, large regional differences and a significant lack of integration with industry requirements [ISO]
  - There is currently an 80% shortfall in qualified personnel to fill positions in logistics operations due to educational bottlenecks [DIHK]
  - Industry attractiveness for high potential candidates lags behind such industries as high-technology and pharmaceuticals (do you want your son or daughter to be a „logistician“?)
  - On the job and internal training can only meet some of the needs for keeping staff properly skilled
- There is a significant danger that the lack of qualified personnel will put a brake on industry growth and innovation

## STAFFING REQUIREMENTS ARE CHANGING AS LOGISTICS FUNCTIONS BECOME MORE COMPLEX....



*The majority of logistics professionals judge their market as very positive (59%) or strongly positive (14%)*

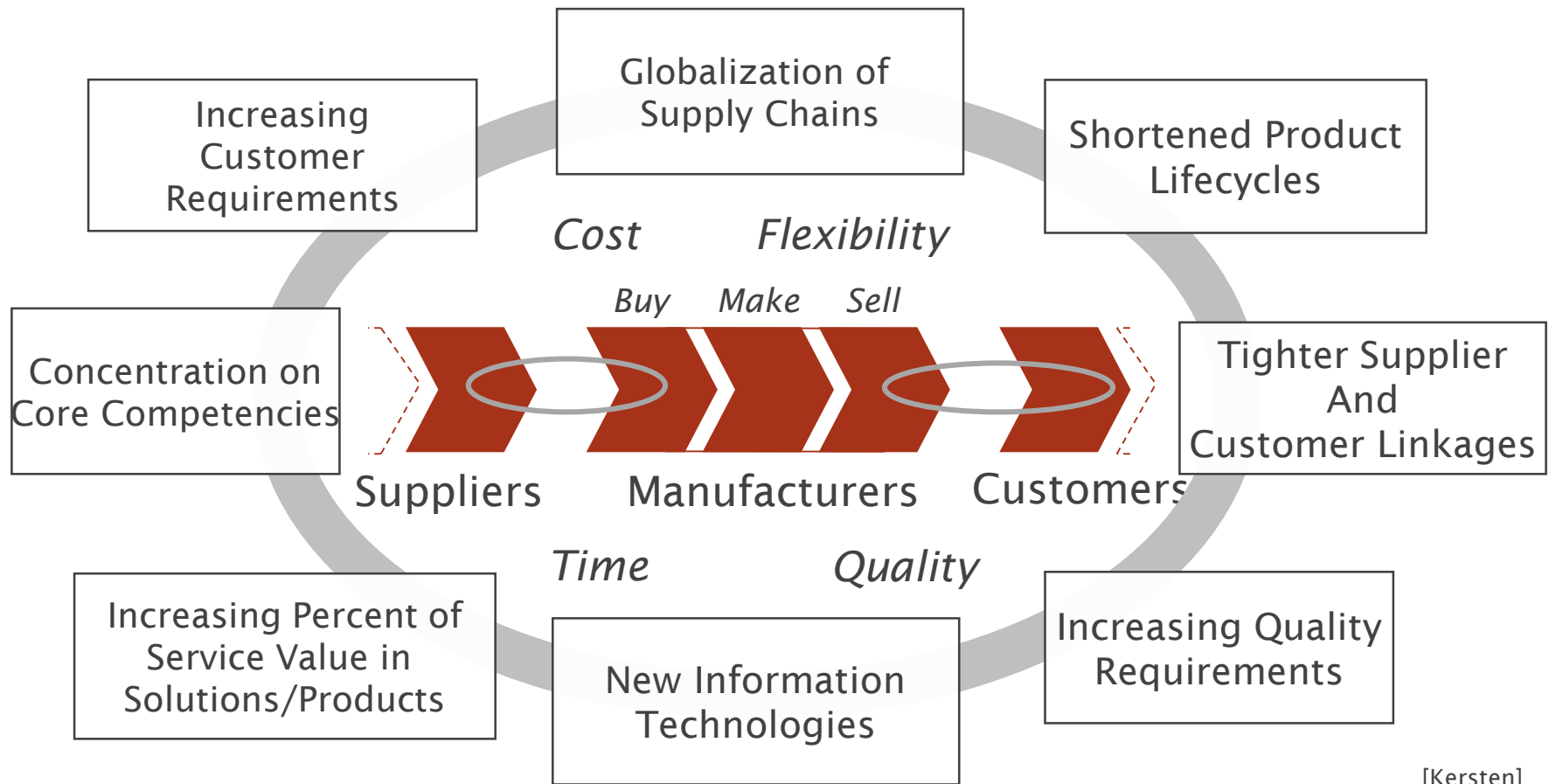
[lhme]

*In Europe alone there is a need for between 1500-2000 logistics managers on a yearly basis*

[VDMA]

- The demand for qualified professionals creates new pressures for institutions and organizations to train capable candidates for the industry

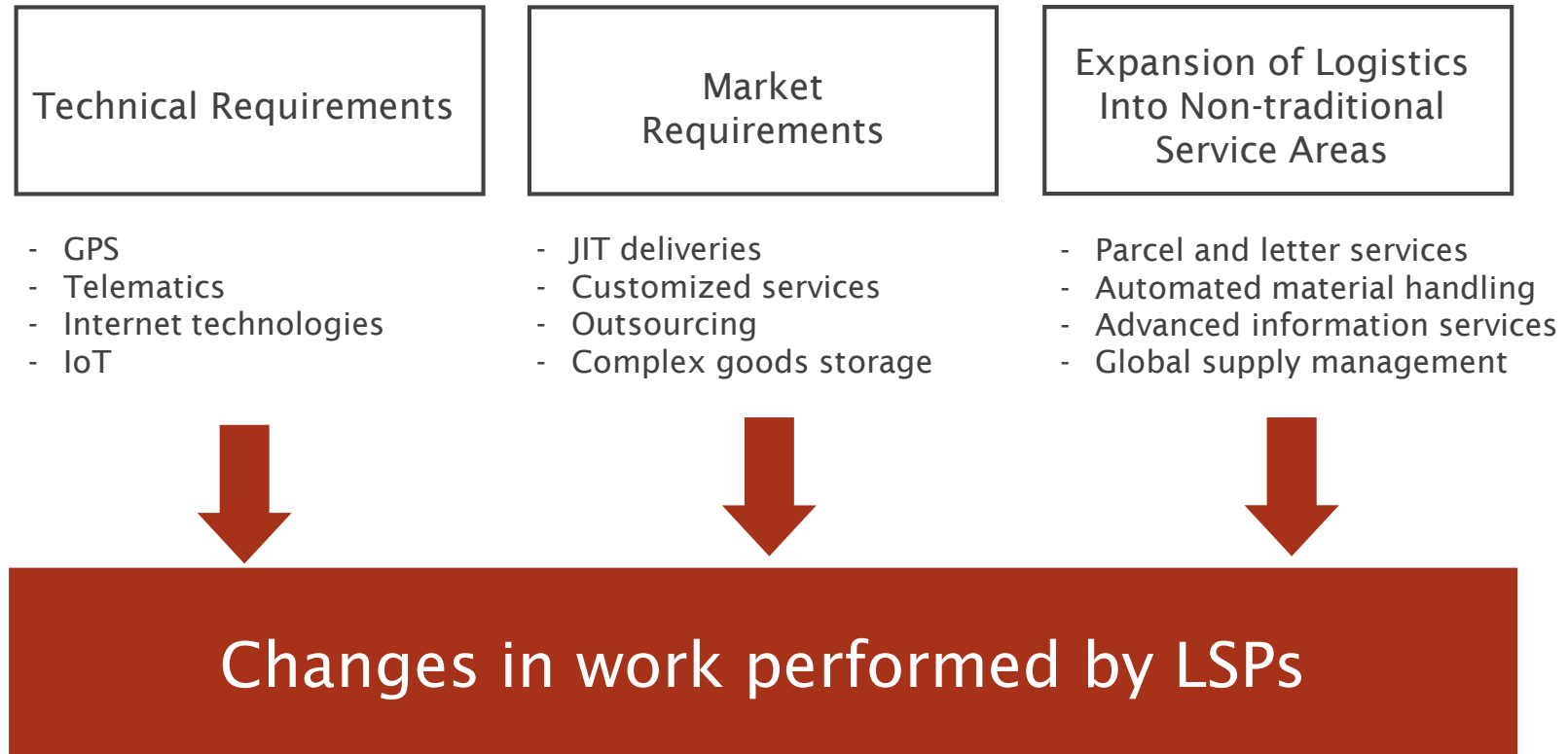
## ...AND THE MARKET AND COMPETITIVE LANDSCAPE CHANGES



[Kersten]

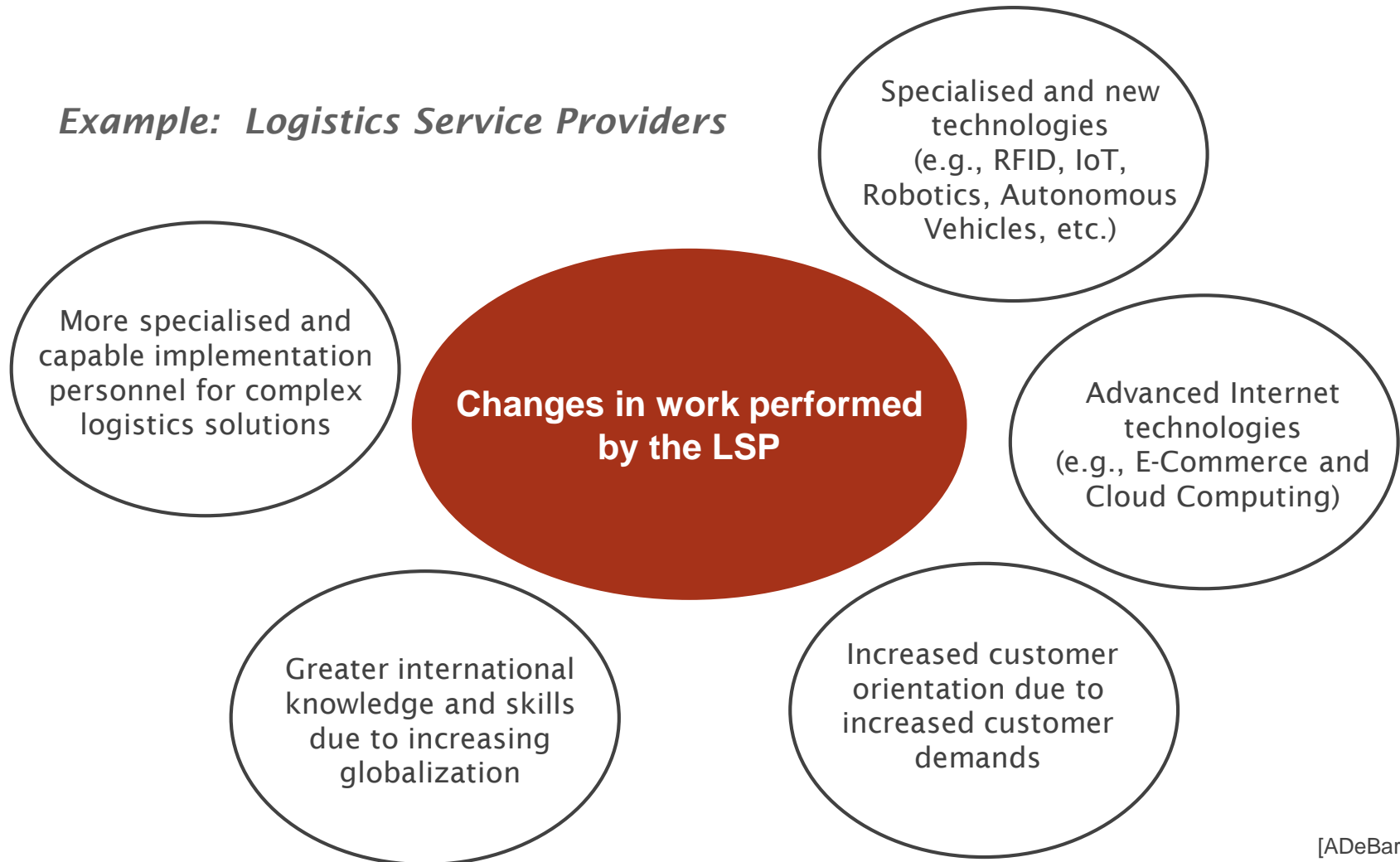
- *Market changes and changes in the competitive landscape are having an impact on logistics operations*

## MARKET DEMANDS ARE CHANGING THE WORK PERFORMED BY LOGISTICS PROFESSIONALS



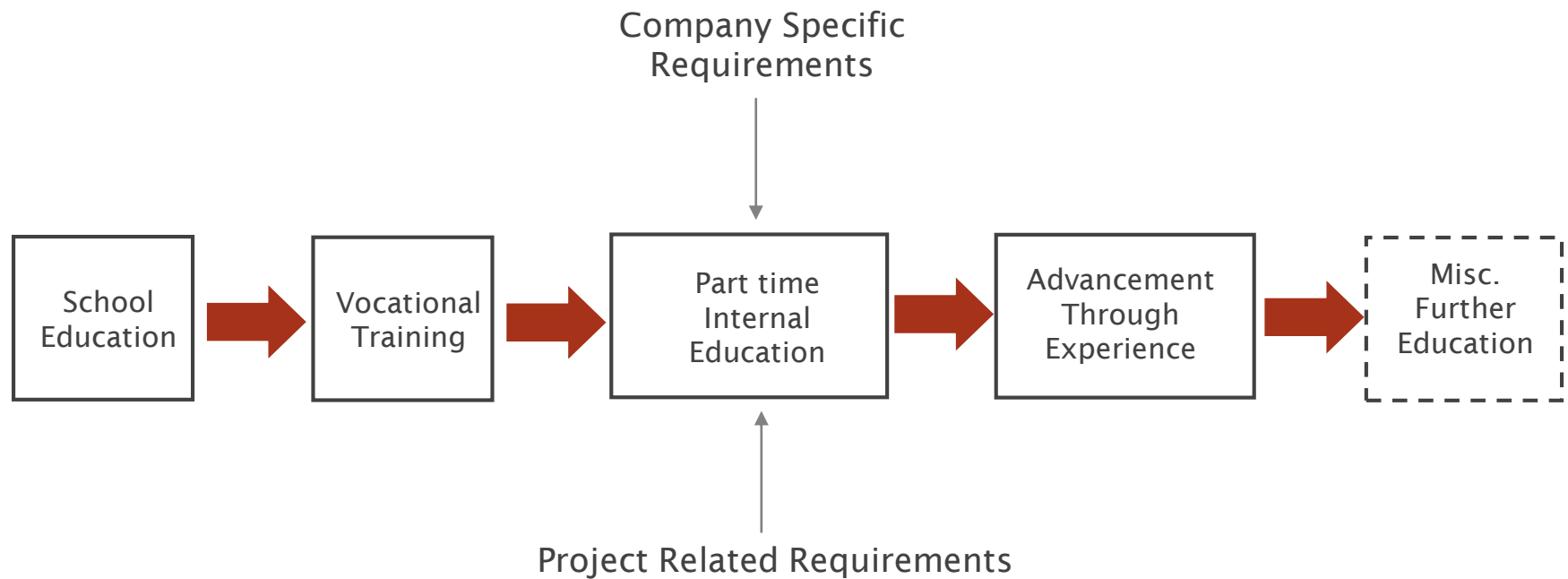
## CHANGES IN LOGISTICS ACTIVITIES (CONTINUED)

### *Example: Logistics Service Providers*



[ADeBar]

## TRADITIONAL SKILL DEVELOPMENT IN LOGISTICS HAS BEEN BASED ON „SITUATED LEARNING“ ACTIVITIES

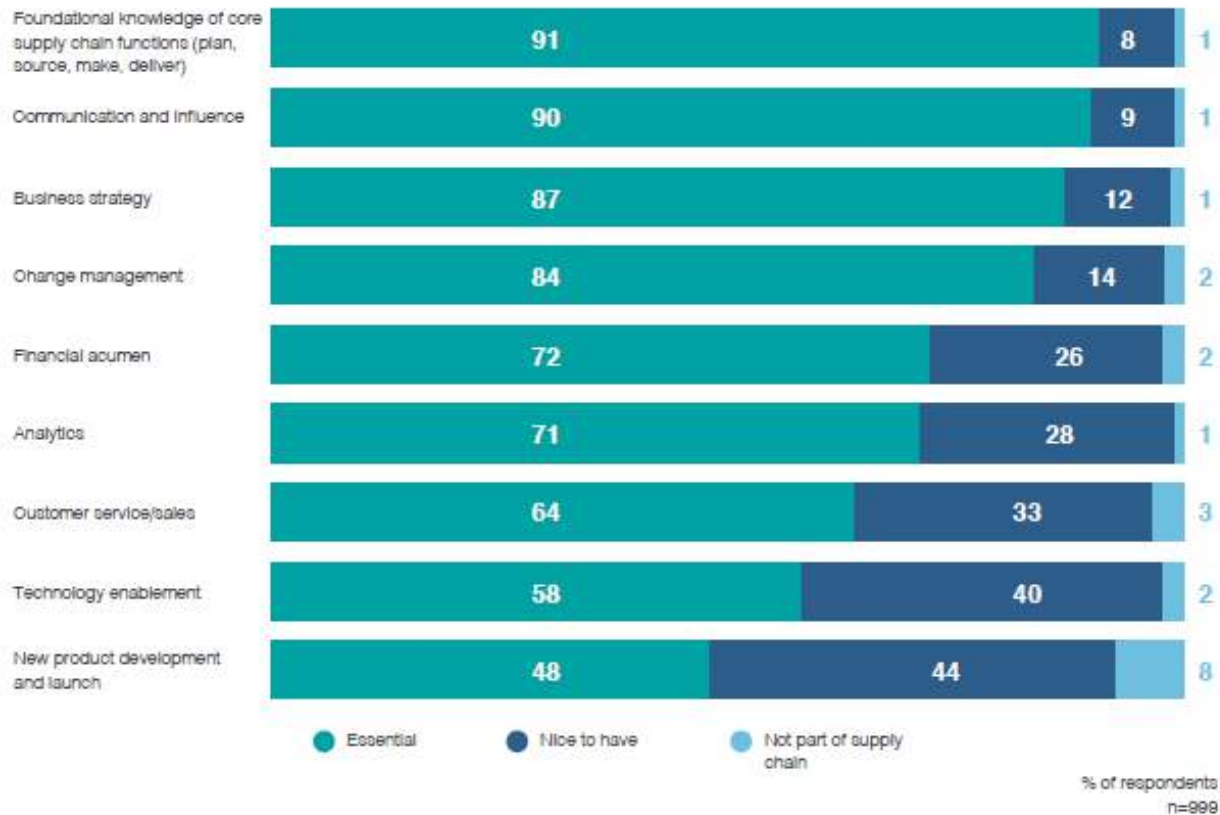


- Traditional logistics education is experience based and not built on a foundation of common skills and knowledge

# RECENT STUDIES OF THE SKILLS REQUIRED FOR SUPPLY CHAIN MANAGEMENT HAVE IDENTIFIED COMPETENCIES THAT CANNOT BE DEVELOPED THROUGH HISTORICAL APPROACHES

## 13 | Supply chain skills

Supply chain executive's skill profile in 2020



## THE INCREASED COMPLEXITY OF LOGISTICS MEANS THAT NEW SKILLS AND COMPETENCIES ARE NEEDED

### Emperically determined qualifications:

Functions with a focus on  
planning, design and analysis  
e.g., logistics planning, controlling and consulting

Support functions with a focus on  
flexibility and adaptability  
e.g., logistics technology and operations

- *Training requires standards that support and define the functional profiles for these skill areas*
- *A key principle must be the integration of leadership and functional skills*



## NEW SKILL REQUIREMENTS CAN BE LOGICALLY BROKEN INTO TWO FUNCTIONAL PROFILES

Functions with a focus on  
planning, design and analysis

Logistics planning, including consulting

Logistics controlling

Logistics management

Support functions with a focus on  
flexibility and adaptability

Logistics technologies, including IT

Logistics operations

Other industry or operations focused functions

[ISO]

- *Specific logistics training for all industry and organizational types*

## THE COMPETENCY REQUIREMENTS WITHIN THESE FUNCTIONS COVER BOTH MANAGEMENT AND OPERATIONAL SKILLS

### Organization Requirements

Expanded exposure to organization design, systems thinking, and management skills

### Strategy Requirements

Value orientation, logistics as a strategic enabler of products and services, managing for results, logistics as a competitive advantage

### Professional Requirements

Operational excellence, technical skills including IT, language skills, situational knowledge, effective communication skills and legal knowledge

### Methodological Requirements

Flexibility and willingness to learn new things, ability to think holistically and systematically, risk taking attitudes

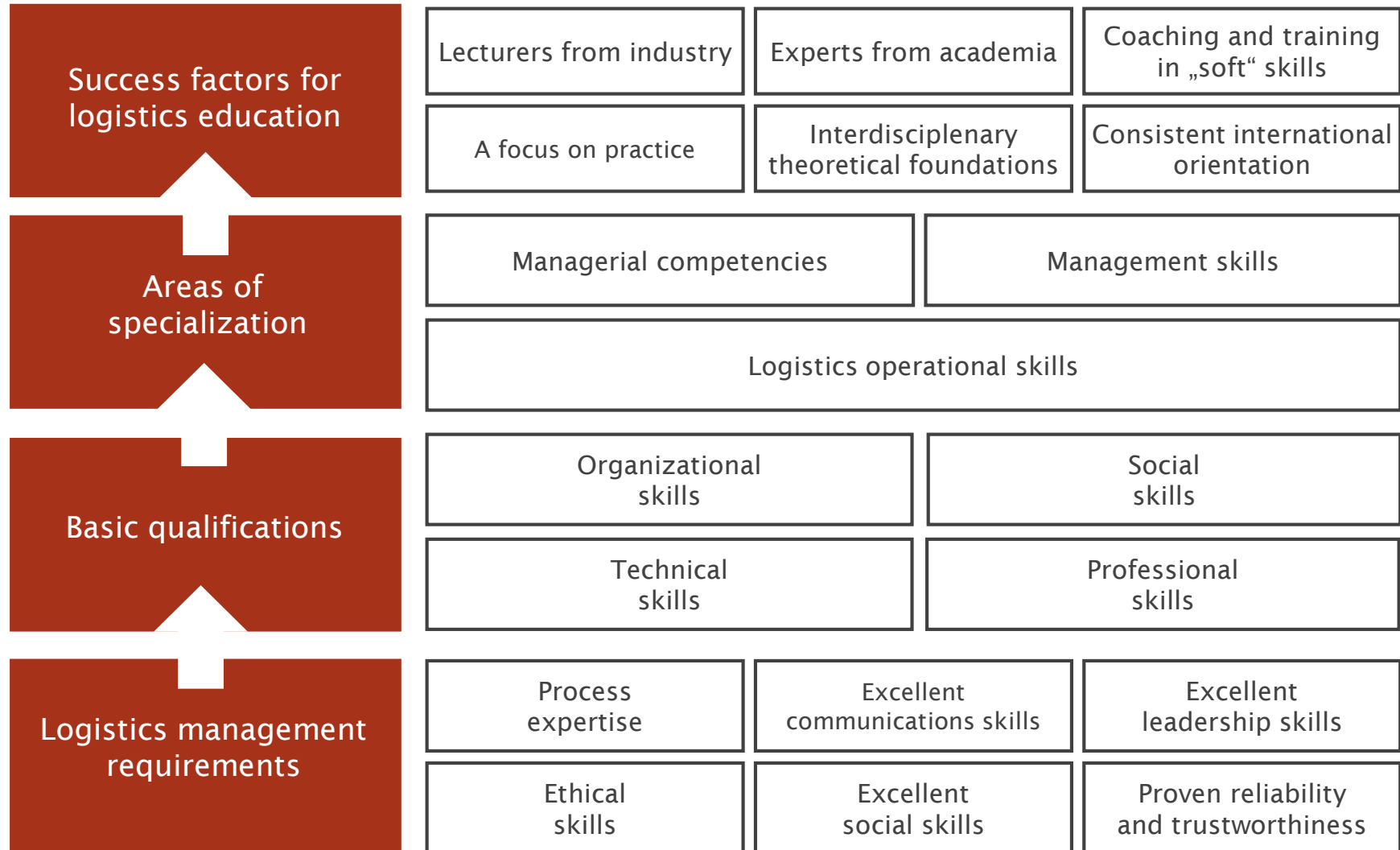
### Social Requirements

Ability to participate as a team member, cooperative and trusting attitude, willingness to learn from mistakes, open and supportive leadership attitude, customer focused approach

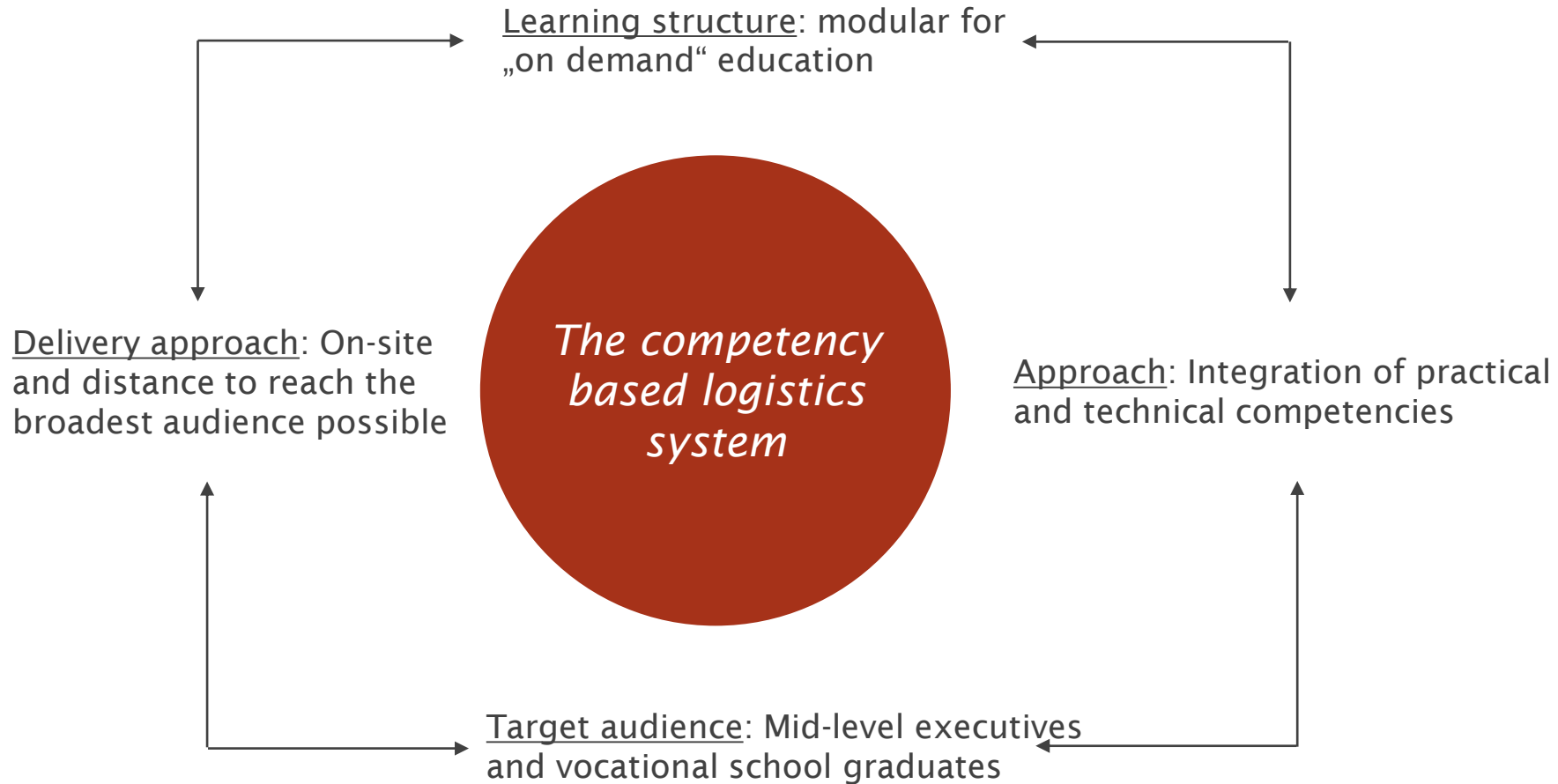
### Technical Requirements

Operational excellence, computer and IT skills, e-Commerce and Internet skills, network skills, data analytics skills

# TO EDUCATE STUDENTS FOR THE NEW DEMANDS OF THE PROFESSION REQUIRES A MORE FORMAL QUALIFICATIONS CONCEPT

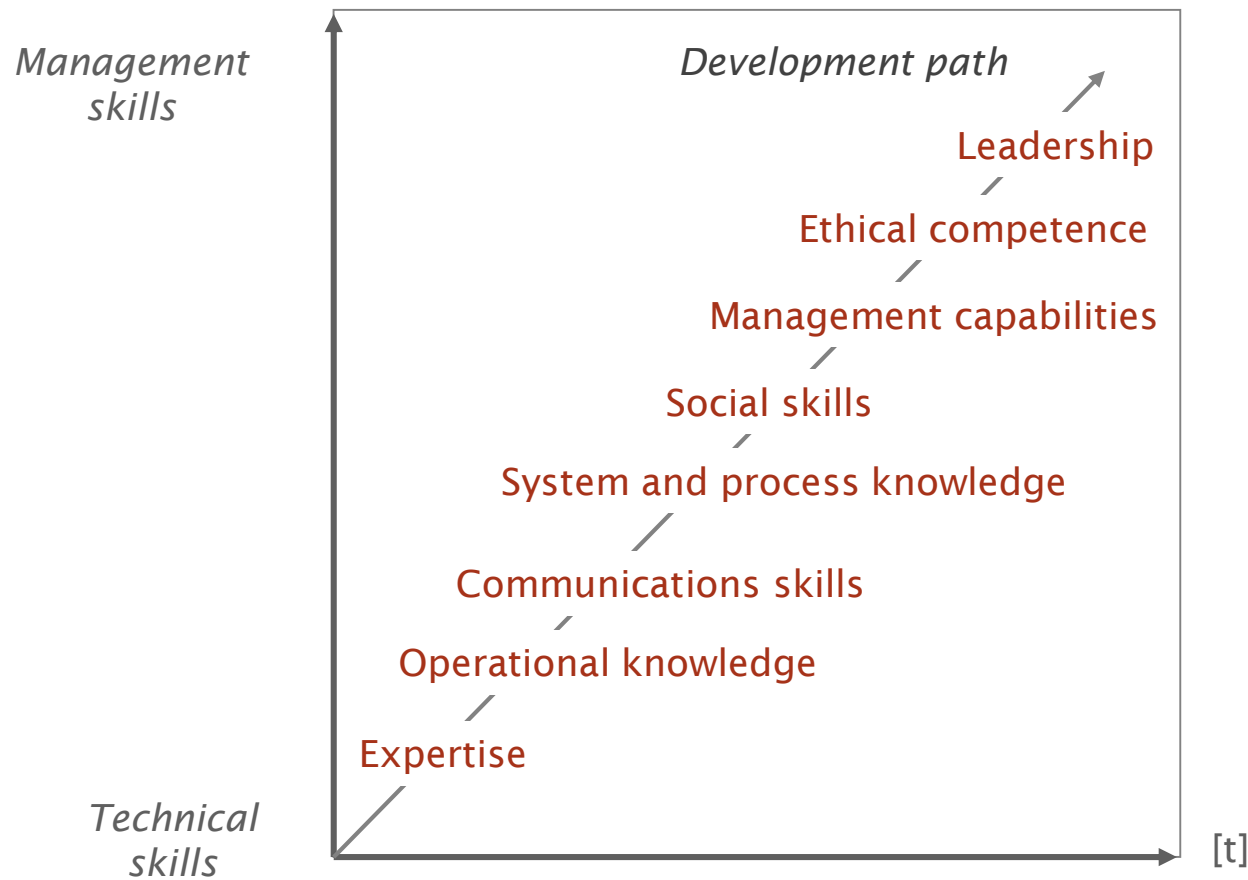


# EDUCATING NEXT GENERATION PROFESSIONALS IN THIS MANNER RE-ENVISIONS LOGISTICS AS A SYSTEM OF COMPETENCIES



[ISO]

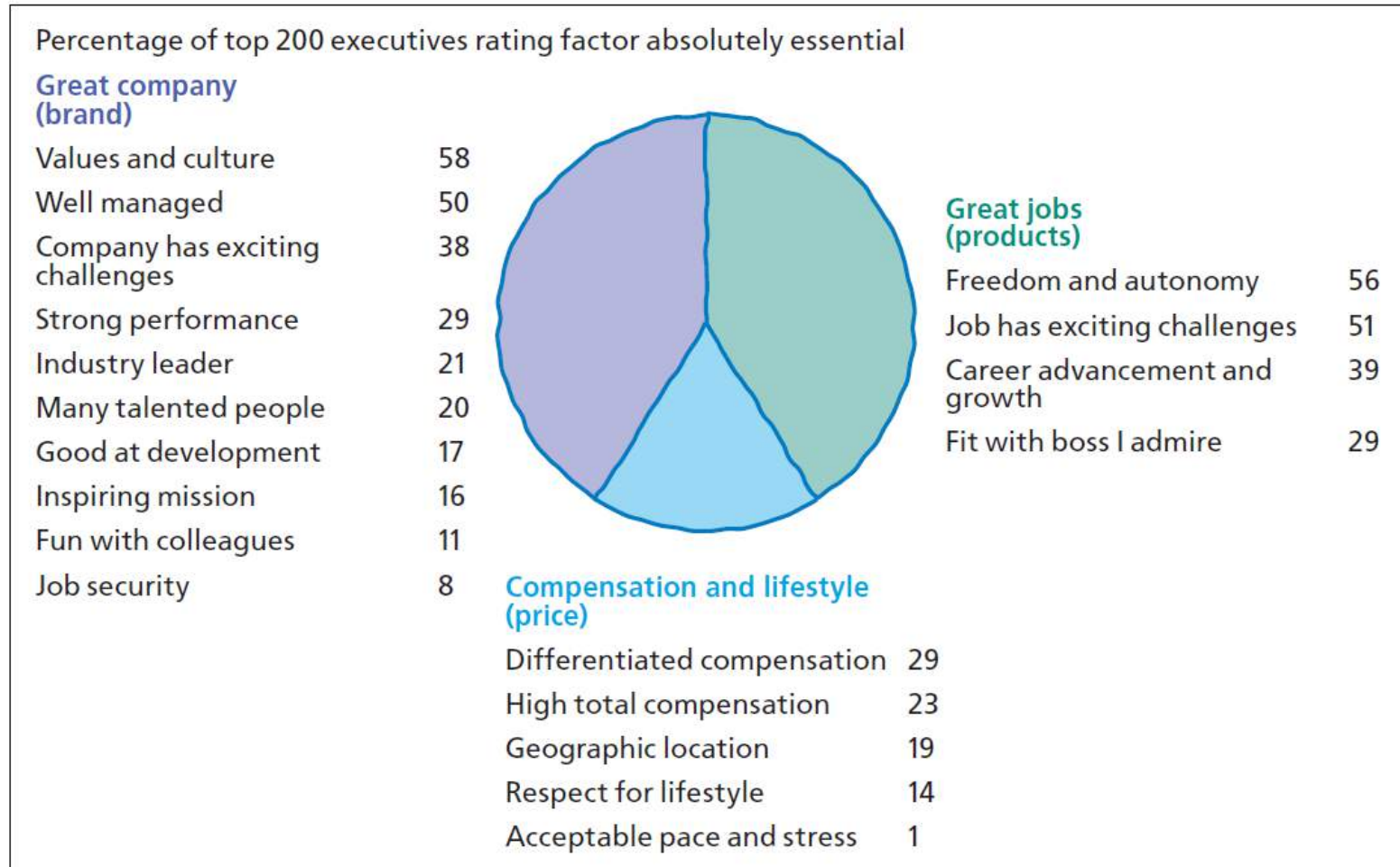
# THIS NEW APPROACH CREATES A PROFESSIONAL DEVELOPMENT PATH THAT CAN MARRY EVOLVING NEEDS WITH PERSONAL DEVELOPMENT



■ Skills must be actively developed for success

# PROVIDING INDIVIDUALS WITH THE OPPORTUNITY TO CONTINUALLY GROW ADDRESSES ONE OF THE KEY «WAR FOR TALENT» ISSUES - RETENTION

## What motivates talent?



## SUMMARY

- Logistics is undergoing a fundamental change. The primary drivers of this change are globalization, new technologies and changing competitive models.
- These changes place increasing importance on the skills of the logistics professional.
- To address the requirement for more advanced skills will require universities to change how they teach students about logistics, for organizations to develop advanced in house training programs, and for educational institutions to develop more logistics executive education programs.
- These programs need to focus on areas of competency not addressed in traditional or on the job educational opportunities.
- Certification through these educational programs needs to be based on structured foundations so that continuous learning can occur.

# THE KÜHNE LOGISTICS UNIVERSITY

## A FOCUSED APPROACH TO DEVELOPING TOMORROW'S LOGISTICS LEADERS



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