Senior executive's outlook towards supply chain tends to differ considerably from that of supply chain manager's. While SCM professionals concerns are usually operational and immediate in nature, senior executives prefer looking at the slightly distant supply chain objectives. The increasing realization of supply chain's strategic relevance is prompting senior executives to increase their involvement in the supply chain affairs of the organization albeit at a macro level.

In the recent years, the scope of modern supply chain has expanded greatly. From its earlier definition which was more or less restricted to the movement of goods, warehousing, and distribution, it has now widened to include everything from planning and product design right through to providing services to end customers. Also, unlike in the past where different supply chain components functioned in silos as disparate units, organizations nowadays are increasingly trying to bring them together and look at them as part of one single chain. Though, this view of supply chain can result in better governance, visibility and greater accountability, while attempting this, organizations are often left with a host of interfacing supply chain functions and integration issues. The lower level executives or operations division responsible for various functions neither possess the organizational authority nor the vision to address these concerns beyond a point.

To complicate matters even further, there's the cross-functional relationship with organizations such as sales, marketing, finance etc. that have their own sets of priorities.

Contrary to sales and marketing man-
gers, supply chain managers are the operational experts working in the 'shadows'. While sales and marketing functions focus on how best to serve the customer by offering new products or services, it is left to the supply chain manager to facilitate the same while performing a balancing act between the time-to-delivery and cost-to-serve the customer.

There are other occasions when sales' and supply chain's paths cross frequently. For example, when sales insists on greater product variations and shorter production runs because of constantly changing market dynamics whereas production would want the exact opposite. Merchandising might ask for frequent product introductions and smaller shipments, whereas it might not make sense to logistics because it could increase the cost-to-serve.

Such instances require people with organizational authority to effectively manage these relationships. Senior management personnel such as the chief executive officer (CEO), chief operating officer (COO) or the chief finance officer (CFO) wield the powers needed to configure these relationships and take corrective actions wherever required. Given this, the criticality of executive participation becomes rather obvious in the supply chain context.

Another reason why supply chains are demanding executive attention is because they are starting to play a significant role in determining the competitive edge and profitability of organizations. While the two factors aren't the prerogatives of the supply chain solely, and other functions such as sales and marketing are also equally important, the overall health of supply chain is fast becoming a differentiator for a company's success.

"Supply chain plays a crucial role in two key aspects of any business—the operating efficiency and cost when it comes to profit and loss. Competitive advantage is still a direct result of the operating efficiency of the supply chain and responsiveness of the production and distribution processes," opines Deepak Kaushal, project head (SCM), AFL. "As far as cost is concerned, supply chain presents the biggest scope for reducing expenses. Of course, there are other avenues where it's possible to cut down costs, but overall, when you look at supply chain, starting from planning till the positioning of the product in the marketplace, it is the biggest spend and another $3 million from consolidating volumes into fewer vendors. The following year it witnessed another million dollars coming its way from logistics and $6 million from buying structure changes. In that same year, however, the company witnessed $130 million come through product development process changes."

"This is what an executive involvement can result in. Essentially any C-level person, be it a CEO or COO or a CFO, their involvement with supply chain is about how they can bring in structural changes that drive out inefficiencies and place them in a better competitive position."

C-CLASS THINKS DIFFERENTLY

The C-class' attitude towards supply chain tends to differ greatly than their operational colleagues, consequently they behave differently when it comes to identifying areas of concern and resolving issues. For instance, when trying to cut costs and optimize logistics expenses, operations personnel will probably look at consolidating shipments or reducing the amount of air being shipped in the boxes or they'll evaluate alternative modes of transport. However, a COO or a CFO may not necessarily limit his focus to smaller operational changes. They will look at the overall supply chain from a holistic perspective and scope out opportunities for introducing changes that could have greater strategic impact on the supply chain operations, sometimes even changing its fundamental structure.

When an international retailer asked its COO about what changes can be introduced to improve the profitability and market competitiveness over a three year horizon, the COO responded by introducing greater focus on supply chain and benchmarking initiatives. Instead of concentrating on reducing costs, he looked for ways to improve margins.

Initially, the company was focusing mainly on reducing logistics costs and in two years' time it saw $11 million come through some buying structure changes...
A CEO's role in the supply chain should be of a person who provides direction to the supply chain and where it's headed at a strategic level. Operational or tactical issues at the micro level shouldn't be his concern, especially when there are operational heads working out the nitty-gritties.

involvement in supply chain affairs, it shouldn't at any juncture be forgotten that though supply chains are a strategic enabler and can act as a differentiator in today's business, it's not the job of a CEO to run the supply chain of a company.

"It obviously helps if the CEO can look into the supply chain on a consistent basis and address arising issues, but he doesn't need to devote extra special attention to the supply chain operations," opines C Devadas Nair, Customer Care Associate & Head Supply Chain & Mission Control, Shoppers' Stop. "Rather a CEO's role in the supply chain should be of a person who provides direction to the supply chain and where it's headed at a strategic level. Operational or tactical issues at the micro level shouldn't be his concern, especially when there are operational heads looking after and working out the nitty-gritties."

EXAMINING CEO'S INVOLVEMENT IN THE SUPPLY CHAIN

So just how deeply engaged do Indian CEOs tend to be in the supply chain matters?

Well, at least for a good number of Indian CEOs their involvement with the supply chain appears to be direct and fairly regular as per their respective internal arrangements. At Acer's fortnightly planning meetings the managing director is a permanent fixture. In addition to the MD, the party comprises of the sales head, the marketing head, the supply chain head and his team from the operations side.

These meetings are convened primarily to assess inventory status—inventory held at distributor and reseller level, inventory in hand, material requirements, new product introductions, their configurations etc. and plan for the upcoming weeks. By its own admission the company is very conscious about its inventory, and so it occupies a considerable amount of time.

"Our internal systems and processes are such that we monitor inventory almost on a daily basis, not just at our level but also at the MD's level. He likes to keep a tab on the stock levels, whether it is high or low, based on which we decide whether to push for sales or provision for additional material. This is done almost three-four times a week and seen at the MD's level," informs Sudhir Goel, chief officer, supply chain, Acer India.

Although it's difficult to generalize specific supply chain interest areas, as they tend to vary from company to company, Indian CEO's primary concerns tend to revolve around inventory, procurement and logistics. This is primarily because cost of running a profitable organization has gone up significantly in recent years and supply chain components such as these tend to tie up a sizable amount of working capital and stand out on the balance sheet.

CEO's have had to become more mindful of inventory and purchasing because the seller's market era has long since ended. No more can companies afford to simply maximize production and pass on the inefficiencies to the consumer via higher prices. So they have no choice but to cut costs and supply chains present an opportunity for doing just that.

"Increasing competition, constant stress on growth and tighter equity markets are just some of reasons driving CEOs and senior management to look at the supply chain as an area that can provide them with more visibility into the operational working capital," informs Nari Viswanathan, Research Director, Supply Chain Management, Aberdeen Group.

Also, inherently, CEOs are a breed that evaluates every element of the business in terms of cost and profitability. So when it comes to supply chain they tend to assess strategic and financial feasibility of a certain initiative purely in terms of cost.
contract negotiations, for instance, when dealing with logistics service providers or suppliers etc.

According to Kaushal, “Almost every time we engage in talks with prospective clients, we have to deal with senior management people such as the CFO or COO, or at times even the CEO. While they may not necessarily come into the picture in the preliminary stages of the negotiations, they certainly enter the fray at the time of signing the contract as they are interested in knowing about cost efficiency, productivity gains and the value addition the relationship promises.”

Senior executives at some organizations are also known to engage in initiating benchmarking exercises to assess different aspects of supply chain such as inventory turns, availability of stock, SKU system cost etc.

For example, at Eureka Forbes the supply chain is internally benchmarked against three primary metrics—delivery adherence, cost per unit of transportation, and warehousing cost per unit. These metrics are set by a cross functional committee headed usually by a senior VP level person at the company.

**CONCLUSION**

C-class executives are often accused of not “knowing” enough about supply chains or being sensitive to its concerns. However, the reality appears to be a different, if not on the knowledge front then at least in case of the latter. The above cases and similar examples point towards an interest among the senior management and the regards they hold these days for SCM.

As per A. V. Suresh, President—Direct Sales at Eureka Forbes, “Supply chains these days are the key to running a successful business enterprise and they act as the central nervous system of the organizations. Hence it’s the job of the CEO and other senior managers to look into SCM issues understand the needs and make sure that the supply chain is functioning optimally.” Finally, it is up to the executive class to do the math and put supply chain in its rightful place on the checklist.