IPS Institute of Policy Studies

IPS Forum on the Role of Leadership and Management for Transformational Change in the Supply Chain and Logistics Sector

By Faizal Bin Yahya

Executive Summary

The IPS forum on the "Role of Leadership and Management for Transformational Change in the Supply Chain and Logistics Sector" discussed leadership, workforce planning and change management in the context of Singapore's supply chain and logistics sector. The speakers came from a government agency: multinational food manufacturing company; aviation company; banking; and a fleet management tracking company.

The speaker from a government agency outlined how businesses should drive transformation with a clear vision, highlighting the critical skills needed for leaders to manage change in an increasingly volatile world. The speaker from a multinational food company discussed customer expectations that are driving organisations' need to transform, and how companies should seek to break functional silos so that cross-functional collaboration can bring unique value to the business. Next, the aviation speaker described how his organisation navigated a hard-hitting crisis and continues to transform and adapt to meet today's shifting norms. The penultimate speaker, from banking, delved into the notion of human-centredness as a critical ingredient for successful change and transformation projects — across customers, project teams, business stakeholders, and the larger workforce. The last speaker, from fleet management, explained how SMEs tend to perceive and manage transformation.

Industry transformation brought about by Industry 4.0 requires both strategic technological investments as well as clear motives for transformation. The readiness of the workforce to complement an industry transformation is critical, and leaders need to carefully and effectively manage the transition.

Introduction

The global logistics market reached a value of US$4.73 trillion in 2018. In Singapore, the logistics and transportation industry is a cornerstone of the economy, contributing S$27.9 billion, or 6.9% of GDP in 2017. In 2019, the sector employed 260,000 workers. The Industry Transformation Map (ITM) has set the goal for a value-add of S$8.3 billion and an additional 2,000 jobs by end 2020.

The forum on the "Role of Leadership and Management for Transformational Change in the Supply Chain and Logistics Sector" was convened on 18 August 2020 by the Institute of Policy

Studies (IPS) in partnership with Lancia Consult. It was co-moderated by Dr Faizal Bin Yahya of IPS and Ms Si Ngah Leong from Lancia Consult. The aim of the web discussion was to examine how leaders and managers could effectively lead and execute change within their organisations in the context of supply chain and logistics. Some of the key themes included leadership, strategic workforce planning, change management and the future of work.

The role of leadership and change management for successful transformation has become even more critical with the rise of Industry 4.0, the impact of COVID-19 and the industry transformation in the supply chain and logistics sector. Logistics executives need to implement transformational roadmaps to strategically evolve their companies and guide them through a rapidly changing environment. This is when the leadership comes under scrutiny; an excellent operational leader may not necessarily be the leader to successfully lead change.
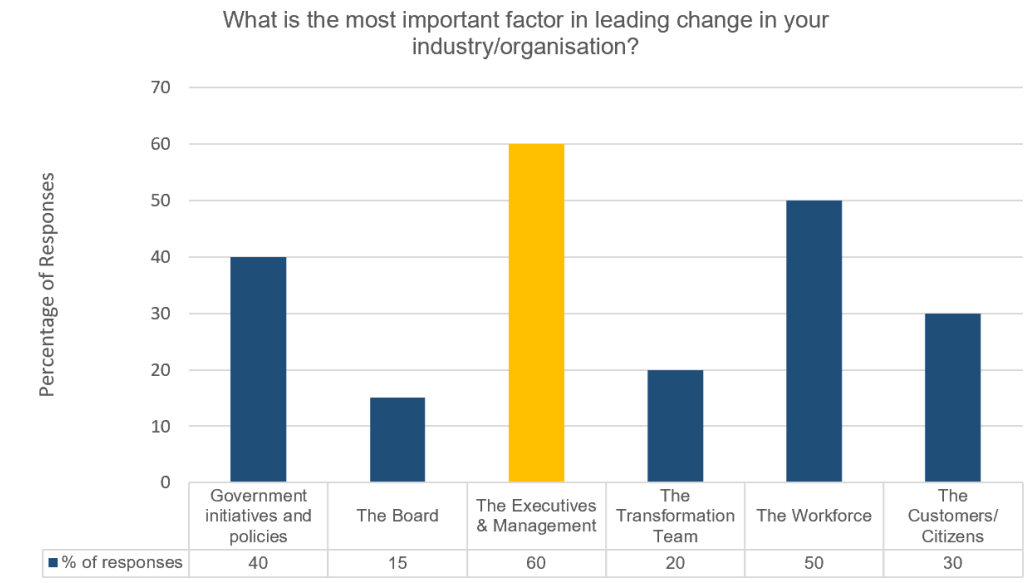
Beyond ironing out the future operating model, successful leaders put significant focus on developing their workforce in tandem. By focusing solely on operational excellence, the current businesses may thrive but future businesses may be at risk. Leadership needs to emphasise workforce planning because the pivot from the skills available today to the skills needed tomorrow is not a straightforward journey. It raises the need to address the questions of right-skilling the workforce, right-sizing them, and right-structuring human capital to build an efficient and effective organisation that enables the matching of people and jobs.

Changes of such magnitude leads to a range of risks but also opportunities. To deliver the value promised by transformation, leaders have to curate a change management mind-set among staff members in order for new projects to succeed. These require the resources to change the work culture before moving to purchase innovative solutions. Staff members have to adjust to new routines and potentially additional workload. This makes managing change an uphill task for leaders to prepare for, manage and reinforce transformation because most people fear ambiguity and are more comfortable with the status quo.

Therefore, leaders of all industries impacted by disruption need to address a critical question: How can leaders successfully drive transformation within their organisations and make the changes permanent?
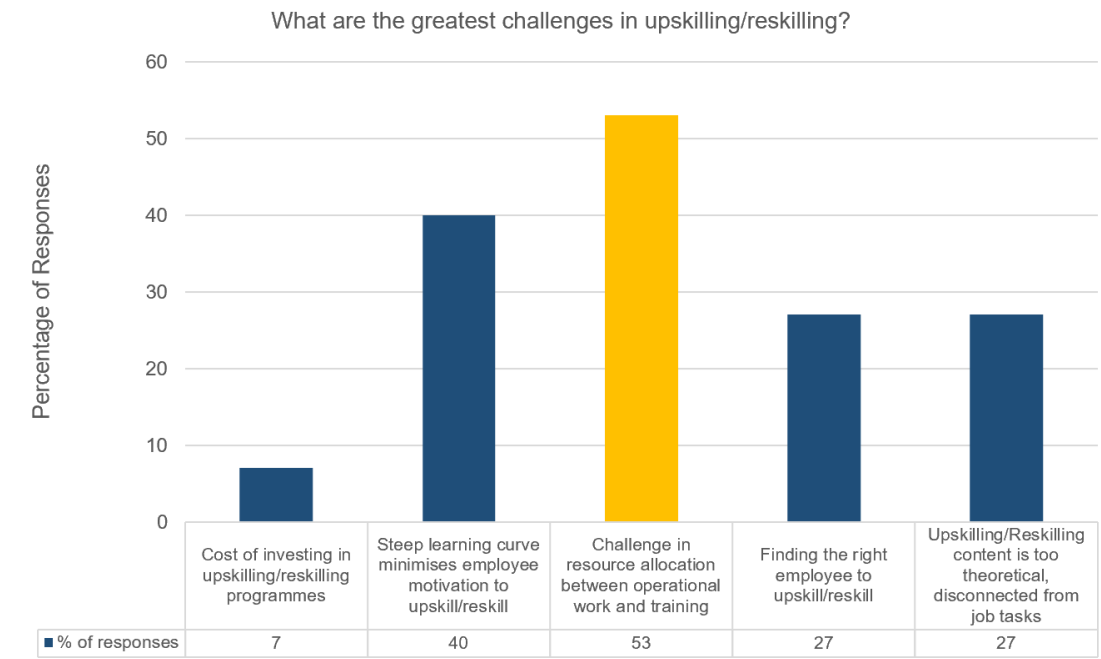
Audience Responses

A poll was conducted during the webinar to find out the participants' views towards leadership and change in an organisation.

What is the most important factor in leading change in your industry/organisation?

	Government initiatives and policies	The Board	The Executives & Management	The Transformation Team	The Workforce	The Customers/ Citizens
% of responses	40	15	60	20	50	30

A majority of 60% of respondents chose executives and management as critical players in an organisation's transformation. The workforce and government were also perceived by respondents as having highly pivotal roles in a transformation.

The next poll asked about the participants' views towards challenges relating to reskilling and upskilling.

What are the greatest challenges in upskilling/reskilling?

	Cost of investing in upskilling/reskilling programmes	Steep learning curve minimises employee motivation to upskill/reskill	Challenge in resource allocation between operational work and training	Finding the right employee to upskill/reskill	Upskilling/Reskilling content is too theoretical, disconnected from job tasks
% of responses	7	40	53	27	27

Among the responses, 53% listed the challenge in resource allocation between operational work and training as a top challenge. Another prominent concern was the steep learning curve of reskilling programmes that minimises employee motivation towards such initiatives.

Industry 4.0 — Leading Transformation with a Vision

- Understanding Your Business "Why"

The speaker from the government agency challenged the common belief that the traditional mind-sets of local businesses were the main barriers to effective change. Contrary to this belief, a majority of local firms that the government agency interacted with in their research and consultation have shown themselves to be progressive and open to transformation. The speaker shared that the key challenge facing Singaporean businesses today with regard to effective transformation was in accurately identifying their business "why". For example, companies need to be transparent regarding their motives for digitalisation. Are they going digital to improve their operational efficiency, customer satisfaction or competitive advantage? Understanding the "why" to adopting the change is a critical precursor to deploying the latest technological solutions in order to ensure that their transformation will be purposeful and effective.

This insight was later echoed by the speaker from banking, who emphasised that consumers were not looking for new technology offerings, but better services. This understanding drives the bank to shift the emphasis from technology and instead focus on designing curated tech-enabled solutions that are fitted to the needs of their identified customer segments through close customer interaction and collaboration.

- Mapping Industry 4.0's Impact to the Workforce

When planning for change, leaders should also consider the readiness and skills needs of their workforce in adapting to the proposed change. The government agency shared how Industry 4.0 was likely to impact the workforce in three ways: first, automating manual, labour-intensive and transactional tasks like administrative and scheduling work; second, augmenting job roles with new value-adding tasks like overseeing and managing Industry 4.0 solutions, data analytics and stakeholder management; third, supplementing strategic roles with new tasks like business advisory, logistics' solutions and risk, safety and compliance management. Leaders should carefully define and manage the changes to the workforce roles as they plan for transformation.

- 16 Critical Skills for Leaders of the Future

As business and economic contexts change, the relevant skill sets needed for an effective leader are changing as well. The government agency speaker listed 16 new skills that make up the profile of a change leader today, described as the 'critical core skills of our future economy', and a result of months of research and consultation conducted by the government agency with industry leaders.

  o The first of three skills clusters includes those necessary for leaders and managers to think critically; namely, creative thinking, decision-making, problem-solving, sense-making and transdisciplinary thinking.

- o The second skills cluster includes those necessary for effective interaction between leaders and managers and members of the workforce; namely, building inclusivity, collaboration, communication, customer orientation, developing people and influence.
- o The third skills cluster includes skills necessary for leaders and managers to stay relevant in a rapidly changing world; namely, adaptability, digital fluency, global perspective, learning agility and self-management.

- Investing in your Talent as your Business' Growth Engine

The speaker from government described two case studies to reflect how strategic investments in training and reskilling can engender effective change within organisations.

- o In the first case study, a hotel chain and laundry plant successfully collaborated to digitalise their towel management process with RFID technology by sending a small team of five employees to SIMTech (Singapore Institute of Manufacturing Technology) for a course on RFID technology deployment, thereafter reducing their towel counting process from four hours to 20 minutes.
- o In the second case study, a local statutory board worked with the Singapore Institute of Retail Studies (SIRS) to establish a digital commerce training approach to encourage local retail SMEs to adopt e-commerce. Using a pyramid approach, buy-in was first attained from the C-suite executives through exposure to the latest innovations of e-commerce giants like Alibaba and Tencent. Thereafter, the management sent a manager to be trained in the strategy and implementation of the e-commerce solution, where the manager returned to the business to send the rest of the working team for specialised training in technology deployment. This approach has proven to be very successful, with many SMEs coming on board to digitalise their commerce operations, from small stationery shops to flower retailers. The efficacy of this approach was also verified by the speaker from fleet management, a local technology SME, who shared observations that it is often the upper management of SMEs that take the lead and are most effective in driving buy-in within their businesses relating to new innovation and change initiatives.

Navigating Transformation Through Evolving Customer Expectations and Global Crises

- Breaking the Silos Mentality to Leverage Synergies

The speaker from multinational food company who leads technology and digital transformation for the organisation highlighted that the client-customer-consumer is the key driving force behind the "age of business". Because of their access to information, they are more empowered and demand a higher level of customisation to their needs. For a food manufacturing company, the issue of compliance and food safety is paramount and embedded in the increasing automation of food production manufacturing lines. Given the need to avoid unscheduled downtimes of machinery, sensors are built into the automation process to detect abnormal vibrations in machinery and enhance preventive maintenance capabilities of the

production lines. In addition, forecasting due to COVID-19 is not a predictable as before and new planning strategies built around concepts of "buffer" stocks and replenishment strategies have become more prominent. Thus, the need to learn or relearn new skills sets as emphasised by the government is important because of the demand from industry. For example, at the food manufacturing company, the production line engineering teams now have to understand the need for IT and AI systems in the machinery, while the IT and AI teams need a working knowledge of the food manufacturing industry. Therefore, this breaks the silo mentality of teams in companies and enables cross disciplines interaction as shown below.

Production Line Engineering Teams ⟷ IT / AI Teams

The speaker elaborated that the key to change, innovation and transformation is in breaking down functional siloes within a business — so that cross-functional and multi-disciplinary teams can collaborate and leverage new synergies. However, a big challenge that hinders the success of cross-functional learning and collaboration is the mind-set among functional leaders that other functions are pinching on their resources. Organisations need to find a way to correct such mind-sets and grant employees the "license" and opportunities to learn and pursue a growth mindset, such as allowing them to acquire skills unrelated to their operational functions.

• Adapting and Transforming in a Crisis

The speaker from aviation sector shared that the current COVID-19 crisis had hit the aviation industry hard but the sector is no stranger to crisis. Prior to this, the industry had to navigate 9/11, SARS and recently the Boeing 737 Max crisis. It was fortuitous that the aviation company was already thinking of transformation towards a digital workplace in late 2019 and the role of Head of IT was re-designated to Chief Information Technology Officer (CITO). This enabled the aviation speaker to be part of the strategic transformation of the company and have technological transformation at the core of the company's strategic planning going forward. The COVID-19 crisis accelerated the transformation where its human capital can now work seamlessly from remote locations at any time and link up with various teams overseas in China, the United States, Ireland and the United Kingdom.

• Driving a Human-Centred Change Project

The speaker from banking sector described the lessons of mind-set change in a project where he spearheaded the development of a mobile bank in Bangkok. He highlighted the need to understand that technology will evolve but human needs are constant and resistant to change. How to overcome this? Meeting the customers' needs and expectations is the aim of the business transformation and it is therefore important to listen and gather feedback from the customer base. Management and staff were made to gather feedback from the bank's customer base in Bangkok. This was to prevent and overcome resistance from the customers and the staff within the bank. This human-centred transformation, as seen in mobile apps, had to serve the needs of customers better, be user-friendly and solve customers' problems.

Mistakes were often made by trying to change an analogue-based system to a digital one. This did not work and a new paradigm and transformation framework had to be developed. The staff from the bank in Bangkok decided to develop a game on a mobile app that encouraged customers to save. This proved a hit in Bangkok and was being rolled out in Indonesia. The particular banking staff leading the development of the savings game app was a bank teller who had to learn IT and AI skills in the process to guide and collaborate with his team members. This led back to the point made earlier by the government speaker and others about the need to need to learn new skill sets to meet the demands of the customer base.

- Enabling Transformation with the Right Technologies

The speaker from fleet management shared about the need to provide technology as "tools" to keep drivers and customers happy. The need to have visibility of a company's assets with real-time information will enhance the last-mile delivery experience for customers. The tool provided is the vehicle management and tracking app that is available on an API platform that is able to integrate with platforms such as ERP and warehouse management systems. To date, the software has been integrated with the ERP system and other integrations are being planned. For transformational change required in an SME, the CEO or founder-owner has to be convinced of the change required and lead the change. Once the CEO is convinced of the need to transform the company, they have to look internally within the company for the staff that are willing to learn new skills sets and help convince other staff of the need to adapt to the changing job scope to evolve with the company's transformation.

Reskilling and Upskilling a Workforce in a VUCA World

- Incentivising Upskilling in Organisations

A question raised during the webinar was how organisations can overcome the challenges to learning and incentivise skills upgrading in the workforce. A few of the speakers weighed in on this:
  - The government speaker highlighted the importance of setting a context for learning. This can be achieved by pairing the training with real projects where the skills learnt can be practically applied. Clear milestones should be set to empower employees with a sense of motivation in their learning journey.
  - In response to the tension between operational work and time delineated for learning, the speaker from aviation shared how project teams can be augmented with external experts to guide and train staff in relevant skills to be applied in new projects during operational hours. Employees can pick up practical applications from these external vendors, which are transferable to future projects of similar nature.
  - The speaker from food manufacturing shared the viewpoint that organisations can change the mind-set among their employees that learning is "optional" or merely serves a personal agenda. By educating the workforce about how their personal skills-upgrading benefits the business holistically, employees are more likely to be encouraged to prioritise time for learning.
  - The speaker from food manufacturing also shared how support from the board level can help enable transformation by empowering a risk-averse management team to

invest in transformation initiatives like large-scale upskilling or reskilling. When the management team is hesitant to change the status quo due to a fear of failure, the board can take a longer-term view and provide the management the leeway to take risks and embark on transformation.

- The Unique Value of "Integrators" in the Workforce

A point of discussion raised at several points of the webinar was the type of skills and talent that is valued in the workforce today and in the future. The speakers found common ground in the value of employees who serve as "integrators" in the workforce as individuals who possess knowledge and skills sets across two or more functions, and who are able to leverage cross-functional synergies to bring unique value to an organisation. The speaker from food manufacturing highlighted how the highly valued employees in the business were those with a holistic understanding of both technology and supply chain dynamics. The speaker from banking opined about how in the process of building and bringing the digital bank to market, the project team was able to groom a highly adept cross-functional product owner with skills sets across human-centred design, banking, and software development, who has since become highly valued in the organisation today. The speaker from aviation concurred, underlining how he perceives his own role in his organisation as an "integrator" among IT, finance and treasury functions. He highlighted how these roles are especially pertinent in today's VUCA context, where organisations need individuals who can handle unprogrammed, non-routine problems and scout for opportunities at the crossroads of different functions.

Responding to Change with Agility

- Calculating Your "Blast Radius"

A way to manage the risks involved in change is to measure the scale of impact by which the failure of a certain initiative will make, which is what one of the speakers termed as the "blast radius". While it is impossible to avoid risks in innovation, the speaker from food manufacturing opined that what organisations can do is to take calculated risks so that the impact of any potential failures can be controlled and managed.

- Holistic Engagement of Stakeholders Across the Workforce

The speakers unanimously agreed that comprehensive stakeholder engagement and management was key to driving successful change campaigns. There is a need for leaders to interact and listen to stakeholders beyond their own teams and functions, to understand how the proposed changes are being received by the larger organisational community.

- Developing Personal Credentials as a Change Leader

The speaker from aviation highlighted the importance of leaders being seen as contributing to important decisions in the organisation from their personal competencies and knowledge, as a necessary step to building credibility as a potential change leader. Leaders should not rely solely on their organisational position to influence change; rather, there is a need for them to build trust and rapport among other leaders and business stakeholders to win support as a change leader.

- Creating Capacity for Change in SMEs

To drive effective transformation at SMEs where resources may be stretched, the speaker from fleet management described how hiring extra resources in terms of skilled human capital to drive the transformation initiative or offload operational responsibilities could be a profitable trade-off for SMEs in the long run.

Conclusion

The supply chain and logistics sector is undergoing unprecedented change, compounded by the impact of COVID-19. To manage this transformation, the sector needs leaders who are able to inspire change, develop organisations with cultures conducive for growth, and a workforce willing to go the extra mile to upskill and reskill themselves to meet the changing needs of the sector. If this change is managed well, the industry is set for a promising future ahead.

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Faizal Bin Yahya is a Senior Research Fellow at IPS and acknowledges the contributions of Ms Si Ngah Leong and her team at Lancia Consult in the drafting of this Report.

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