RESULTFOCUSED

October 2013

dasRESULTAT is a result focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable solutions.

Vol 1, No 10 (2013)

Celebrating double digits!

By Anton Nieuwoudt and Niels Rudolph

Double digits! October 2013 not only marks the 10th edition of RESULTFOCUSED, it also marks our first year of operation. dasRESULTAT was officially registered with the Companies and Intellectual Property Commission on 10 October 2012. It has been a phenomenal year - both personally and professionally - and we would like to thank all of our clients and partners for believing in us and giving us the opportunity to bring sustainable results to their organisations.

Last month we commented on the happenings in Syria. Fortunately, it seems that the diplomatic approach and commitment by President Bashar al-Assad to respect UN chemical weapons accords has avoided all-out war against his country. Thus, Brent crude oil is down from close to \$115 to around \$109, and in South Africa we are expecting some fuel price relief this week all be it limited to a two cent per litre reduction in the price of diesel, it's better than the sharp increases predicted only a month ago.

In this edition of **RESULTFOCUSED** we look at **Nestlé's coffee supply chain,** that **being yourself comes with responsibilities** because although "Authenticity" is the new buzzword among leaders, the honest sharing of thoughts, feelings, and experiences at work is a double-edged sword. We also highlight a couple of tips on **working with a 3PL**.

Of particular interest is the results from **Gartner's 2013 Supply Chain Top 25**. According to Gartner demand driven supply chains where supply-, demand-, and product management is integrated forms the basis for excellence. Apple regains the top spot, followed by McDonald's, Amazon, Unilever and Intel. Three fundamental trends emerged: 1) A new frontier of performance, where the leaders describe a wide range of initiatives that build on the foundation, including end-to-end supply chain segmentation, simplification, cost-to-serve analytics, multi-tier visibility, and supply network optimisation; 2) A new imperative for smarter growth, where the leaders are embracing a new imperative for growth through flexing the supply chain on packaging or service dimensions, to providing the engine with which new acquisitions can be quickly and easily absorbed; and 3) Getting to the heart of talent, where the leaders are connecting the dots between the work people do every day and its contribution to the societies within which they live.

Enjoy the read and thank you for sharing this milestone with us.

'Be who you are and say what you feel because those who mind don't matter and those who matter don't mind'

- Dr Seuss

COFFEE - THE SUPPLY CHAIN

By The Times Newspaper Limited and ©MBA Publishing Ltd.
(The Times 100 - Edition 5, 1999)

A jar of instant coffee can be found in almost every home around the world and increasingly consumers are trying out different types of coffee, such as cappuccino, espresso, mocha and latte. The expanding consumer demand for product choice, quality and value has led to an increase in the coffees being made available to a discerning public. 'Value' is the way in which the consumer views an organisation's product in comparison with competitive offerings.

So how does coffee get from growing on a tree perhaps 1,000m up a mountainside in Africa, Asia, Central or South America, to a cup of Nescafé in your home, and in millions of homes throughout the world?

This case study explains why Nestlé needs a first class supply chain, with high quality linkages from where the coffee is grown in the field, to the way in which it reaches the consumer.

The Supply Chain

The supply chain is the sequence of activities and processes required to bring a product from its raw state to the finished goods sold to the consumer.

For coffee, the chain is often complex, and varies in different countries but typically includes:

Growers - usually working on a very small plot of land of just one or two hectares. Many do some primary processing (drying or hulling) themselves;

Intermediaries - intermediaries may be involved in many aspects of the supply chain. They may buy coffee at any stage between coffee cherries and green beans, they may do some of the primary processing, or they may collect together sufficient quantities of coffee from many individual farmers to transport or sell to a processor, another intermediary, or to a dealer. There may be as many as five intermediary links in the chain;

Processors - individual farmers who have the equipment to process coffee, or a separate processor, or a farmers' co-operative that pools resources to buy the equipment to convert 'cherries' into green coffee beans;

Government agencies - in some countries the government controls the coffee trade, perhaps by buying the coffee from processors at a fixed price and selling it in auctions for export;

Exporters - they buy from cooperatives or auctions and then sell to dealers. Their expert knowledge of the local area and producers generally enables them to guarantee the quality of the shipment;

Dealers/brokers - supply the coffee beans to the roasters in the right quantities, at the right time, at a price acceptable to buyer and seller;

Roasters - people like Nestlé whose expertise is to turn the green coffee beans into products people enjoy drinking. The company also adds value to the product through marketing, branding and packaging activities; and

Retailers - sellers of coffee products which range from large supermarkets, to hotel and catering organisations, to small independent retailers.

A supply chain is only as strong as its links. Different relationships exist between organisations involved in the separate stages of the chain - whether it is in the structuring of product distribution, arrangements for payment and arrangements for handling, or in storing the product. At the heart of these relationships is the way in which people treat each other. Long-term business relationships need to be based on honesty and fairness - parties to a trading agreement need to feel that they are getting a fair deal.

Growing coffee

Coffee grows best in a warm, humid climate with a relatively stable temperature of about 27ºC all year round. The world's coffee plantations are therefore found in the so-called coffee-belt that straddles the equator between the tropics of Cancer and Capricorn.

Processing coffee

Coffee from the tree goes through a series of processes to end up with the saleable product - the green coffee bean.

1. Picking

Coffee is picked by hand. Coffee cherries are bright red when they are ripe, but unfortunately the cherries do not all ripen at the same time. Picking just the red cherries at harvest time produces better quality coffee, but it is more labour intensive as each tree must be visited several times during the harvest season. Many farmers therefore strip the tree of both ripe and unripe cherries in one pick.

2. Drying and hulling

The cherries each contain two beans which have to be separated from the surrounding layers - the skin, the pulp and 'parchment' - by hulling. The beans also have to be dried, usually in the sun but sometimes by using mechanical dryers.

3. Sorting, grading and packing

Beans are sorted by hand, sieves and machines to remove stones and other foreign matter, to remove damaged or broken beans, and to sort beans into different qualities or 'grades'. Coffee is packed into sacks, usually of 60 kg.

4. Bulking

Roasters, like Nestlé, will need to buy large quantities of coffee of a particular grade, so exporters in the country of origin will bulk together numerous small batches of coffee to make up the necessary amount of the required grade.

5. Blending

At the roasters, experts with fine palates and much experience decide which blend of coffees from various origins to use to make the coffee products to meet the taste of their consumers.

6. Roasting

On leaving the plantation, the coffee is pale green - hence the name 'green coffee' for the traded product. Only when it is roasted does it turn brown taking on its characteristic aroma and flavour. It is the roasted beans which are used to make coffee products.

Price - Balancing supply and demand

Coffee prices are determined day-to-day on the world commodity markets in London and New York and with so many intermediaries standing between the producer and the consumer, how can we ensure that coffee growers receive a fair reward for their labours? Is the answer - as some believe - for coffee manufacturers to cut out the intermediaries, buy their coffee direct from farmers and guarantee a minimum price?

The price of coffee is determined by the relationship between the amount of coffee available to be sold (supply) and the amount which people want to buy (demand). If there is more coffee available than people want to buy at current prices, the price will fall. The market thus ultimately determines the price that the farmer receives.

There are circumstances in which farmers can receive more than the market price, for example: if the quality of their coffee is high, if they undertake some or all of the processing stages which someone else would otherwise be paid to do, and if they can sell direct to a manufacturer rather than to intermediaries. Farmers can also reduce their costs if they are able to share processing and transportation facilities with other farmers.

Coffee farmers may sell their coffee in a number of ways: they can sell to the next link in the traditional supply chain - the collector or processor, they may sell to government agencies in countries where the coffee trade is government controlled although this is becoming less common or, they may sell direct to a manufacturer like Nestlé.

However, farmers usually cannot choose the method by which they sell their coffee. Selling directly to manufacturers is attractive as farmers potentially receive above the market price. However, it would be impossible for all the world's coffee to be bought directly by manufacturers from individual farmers a few bags at a time. Although direct purchasing is attractive, it is only one of a number of methods of trading, all of which have their merits and none of which is necessarily fairer than the others. Ultimately it is the market price which determines how much farmers receive.

Nestlé's trading methods

Nestlé is a pioneer in purchasing coffee direct from growers. A growing percentage of the company's coffee is bought direct from the producer and it is now one of the world's largest direct purchasers. In countries where this is not possible Nestlé operates in a way that takes it as close to the growers as possible.

Coffee prices are determined day-to-day on the world commodity markets in London and New York. The price of coffee is determined by the relationship between the amount of coffee available to be sold (supply) and the amount which people want to buy (demand).

Buying direct

In coffee-growing countries where Nestlé also manufactures for export or local consumption, it has a policy of buying coffee direct from the farmers. The company offers a fair price to the farmers, and so ensures regular supplies of guaranteed quality for its own factories. Higher quality commands a higher price - a premium that Nestlé is happy to pay, since good quality raw materials are essential to its business.

In countries where direct buying takes place, there is a widely advertised Nestlé price, and a minimum base price. By providing a reference level for growers, other traders are forced to keep their offer prices competitive.

Nestlé began its direct buying policy in 1986 and the amounts involved have steadily increased. In 1998, around 15 per cent of its green coffee purchases were bought directly.

As an example, in the Philippines, farmers bring their produce to Nestlé's buying centres situated in the coffee growing regions. Quality is analysed while they wait and growers are paid on the spot. In 1998, direct purchases accounted for over 90 per cent of the green coffee destined for its two instant coffee factories in the country.

Buying from dealers

In countries like the UK it is simply impossible for companies like Nestlé to buy from the hundreds of thousands of farmers who ultimately supply the company, and so the coffee is bought from dealers using the international market. However, Nestlé visits and gets to know as many people as possible in the supply chain. The company oversees the relationship between the dealer and exporter and often invites shippers to the UK to train alongside its own quality assurance staff. Nestlé agrees procedures on everything from pest control to methods of packing to ensure everyone is working towards the highest standards of quality.

Conclusion

Creating wonderful cups of coffee is not only Nestlé's business, it is the business of everyone involved in the supply chain. It is in everyone's interest - the farmers' and Nestlé's - that farmers receive a fair income from their coffee. This ensures that they will continue to grow coffee, and to invest in increasing their yield and quality, and this in turn guarantees the supply of quality coffee which companies like Nestlé require.

- *RF*

GARTNER'S 2013 SUPPLY CHAIN TOP 25: LEARNING FROM THE INDUSTRY LEADERS

By Debra Hofman, Stan Aronow and Kimberley Nilles (supplychain247.com, September 2013)

Since the beginning, the ranking has looked to answer one important question: Of the world's largest companies with the most global reach, which are the furthest along on the journey to being demand driven?

The ranking continues to draw intense interest from practitioners, academics, and publications around the world—a mark of the growing importance of the supply chain discipline.

Our focus in producing this ranking goes beyond excellence to identify leadership in the supply chain, highlighting best practices to help raise the bar for the supply chain profession as a whole.

While there are always some exciting new names on the list, there are some common characteristics that separate the best from the rest.

This article discusses the insights and trends we've seen this year from the leaders.

What is the Definition of Excellence?

What does it mean to be demand-driven? The organisational ideal of demand-driven principles as applied to the global supply chain is based on three overlapping areas of responsibility:

Supply management—Manufacturing, logistics, supply planning, and sourcing;

Demand management—Marketing, sales, demand planning, and service; and

Product management—R&D, engineering, and product development.

Excellence is about the visibility, coordination, and reliable processes that link the three areas of supply, demand, and product together. When that happens, the business can respond quickly and efficiently to opportunities arising from market or customer demand.

Supply chains built to this design manage demand rather than just respond to it, take a networked rather than linear approach to global supply, and embed innovation in operations rather than keep it isolated in the laboratory. The demand-driven model is inherently circular and self-renewing, unlike the push supply chains of our factory-centric industrial past.

Our methodology is provided in detail below. Here are the basics. Each year, approximately 300 companies are chosen to be ranked. Companies do not apply to be included; rather, we select the companies from publicly available lists using a defined set of criteria, including size and industry sector. Each company gets a composite score, and these scores are then force-ranked to come up with the final list.

The composite score is made up of a combination of publicly available financials, as well an opinion component, providing a balance between objective and subjective perspectives. In completing their ballots, voters are asked to identify those companies they believe are furthest along the journey toward the demand-driven ideal, as defined in Gartner research and on the voting website.

Inside the Numbers

The Top 5 in the ranking this year include two exciting newcomers, Unilever at #4 and Intel at #5. Each has moved steadily up the ranking for the past several years, and with good reason, embodying the essence of what the Top 25 is all about: they have each stepped up to the leadership podium. By sharing their supply chain practices and the lessons they've learned with the broader supply chain community, they have helped to raise the level of supply chain performance to new heights.

With a wide range of cutting-edge practices, Unilever is at the forefront of the supply chain maturity curve in many areas, from end-to-end segmentation to an impressive ability to design globally and implement locally across every function of its supply chain.

More importantly, its supply chain innovations have been a critical component of the company's ability to retain profitable growth, even in the face of sluggish demand in some of its core markets. Chip giant Intel has made significant investments upstream and downstream to enable the broader computing ecosystem. At the same time, Intel has continued its commitment to sustainability and social responsibility in sourcing, having taken a lead role for several years now in the issue of conflict minerals.

Outstanding financials combined with phenomenally strong votes (Apple was ranked No. 1 again by the peer voters, capturing 75 percent of the highest possible points a company can get across the voting pool) allowed Apple to retain the top position again this year. At the same time, the company known for its focus on simplicity has expanded its product portfolio to a broader array of sizes and price points to address increasingly robust competition, driving the need for more complexity management in its supply chain.

In the middle of the Top 5 group and switching places this year are McDonald's and Amazon. While Amazon far outpaced McDonald's in the peer vote—Amazon ranked a very close second to Apple's position in the opinion of the supply chain community—the Top 25 ranking is about more than opinion. We incorporate financials into the methodology as a balancing factor, to reflect a company's ability to translate supply chain leadership into corporate performance.

While Amazon's revenue growth has been meteoric, its three-year weighted ROA of 1.9 percent reflects a 2012 net income loss. Compare that to McDonald's three-year weighted ROA of 16 percent, revealing a robust 20 percent annual net profit margin. This difference, coupled with still healthy respect from the voting community, nudged McDonald's into the No. 2 slot.

Both have leading practices to share with the supply chain community. McDonald's stands out with strong new product launch capabilities and excellence in execution consistency. Building its digital portfolio of products and fast crossing lines into new markets, Amazon is a pacesetter across all industries in using its supply chain to set the standard for the customer experience.

Some of the world's top companies populate slots six through 15 in our ranking, with notable contributions to the discipline of supply chain management. Retaining its position as a supply chain innovator, P&G (#6) continues to define new standards of excellence in segmentation, the use of analytics, and leading sustainability efforts. Rising to #7 this year, Cisco leads the way with a supply chain team focused on revenue growth, enabling the company to break into new markets for its hardware, software, and services-based solutions.

Samsung (#8) and Dell (#11) have each taken collaborative efforts to new heights: Samsung in its emerging markets demand channels, and Dell in its supply networks and intra-enterprise ecosystems of partners. Walmart, another long-time powerhouse, rejoins the ranking this year at #13. Pushing the envelope in integrating supply chain with new product launches are Nike (#14) and Starbucks (#15). Coca Cola (#9) retains strong peer recognition in APAC and Europe, and is focused on reducing complexity while it invests in across the board capabilities of its supply chain talent base.

Both Colgate-Palmolive (#10) and Inditex (#12) have modeled a continued emphasis on efficiency as evidenced by their cross-industry leading ROAs. Both also go beyond efficiency: Colgate with its supply chain talent management and advanced S&OP, and Inditex with its well known commercialisation and demand sensing capabilities. These efforts are reflected in the steady rise of both companies since they first appeared in our ranking: Colgate has moved up 10 slots since it joined the ranking in 2009, and Inditex has moved up 11 slots since its first showing in 2010.

Gartner's 2013 Supply Chain Top 10:

1. Apple
2. McDonald's
3. Amazon.com
4. Unilever
5. Intel
6. P&G
7. Cisco Systems
8. Samsung Electronics
9. Coca-Cola
10. Colgate-Palmolive

This year we welcomed three newcomers in the final section of the ranking. Chinese electronics leader Lenovo (#20), now focused on the integration of supply chain with new product design and release; Ford (#22), the first automotive OEM to join the ranking since 2009, returning to profitability and building a foundation for more strategic global demand/capacity alignment, scenario planning, and risk modeling; and semiconductor Qualcomm at #24, with rapid re-planning capabilities and deep collaborative partnerships with key suppliers.

In the ranking virtually since its inception are Pepsi at #16 this year, and healthcare/consumer products giant Johnson&Johnson at #25. Both continue to lead. J&J demonstrated increasing speed in executing on its compelling supply chain vision, and PepsiCo applied the out-of-the-box thinking embedded in its DNA to breakthrough improvements in its manufacturing technologies and logistics capabilities.

Third-timer Nestle (#21) continues to expand into new markets with high points from its retail customers and an ongoing focus on supply development. Rising two slots to #19, 3M is now looking to balance its long-standing emphasis on product innovation with a focus on network complexity reduction and improvements on the efficiency side of the business in cost, cycle times, and inventories.

Returning to the ranking for the second time are three companies. First, Swedish retail giant H&M (#17) is balancing what has been a truly impressive ROA for five years running with a focus on improving transparency into its emerging market supply base, an important step given the latest challenges for the industry as a whole. Second, leading industrial Caterpillar (#18) is focused on manufacturing and supplier network scalability, and commercialisation process velocity.

And third, engine and power generation player Cummins (#23) continues to focus on optimising across a highly decentralised structure to deliver global scale, with initiatives in customer collaboration, extended visibility, and segmented supply chain strategies.

Whether you are a procurement professional helping to reduce conflict minerals, or a logistics manager looking to cut cost by taking trucks off the road and thereby reducing the global carbon footprint, it's about the contribution supply chain professionals make to improve the world.

Characteristics of Leaders

As we can see from the discussion above, every company develops supply chain strategies and priorities that are uniquely suited to its corporate and market context. While these are useful for others to learn from, in our research we also look for the characteristics they share in common.

For many companies, these characteristics are easier to talk about than to actually implement. What differentiates the leaders is that they have moved beyond the words and presentation slides to make the hard changes that are needed throughout the organisation.

We've talked about many of these in past articles, and they remain relevant:

1. An outside-in focus, which requires a fundamental re-orientation not only in mindset, but in the way groups are measured and in the way networks and business processes are designed;
2. Embedded innovation, which ensures that supply chain considerations are taken into account early in the new product development and launch process, and that supply chain design takes into account that new products require different supply chain strategies than existing products;
3. Extended supply chains, in which leaders design and manage their supply chains as extended networks of trading partners, orchestrating activities across the network, aligning the goals of all the players, and ensuring profitable delivery of the final product to the customer; and
4. Excellence addicts, which points to the companies that have figured out how to use metrics effectively: how to focus on the metrics that matter, and even more importantly, how to interpret and then act on those metrics to achieve a desired outcome, namely to continually improve operational results.

The ability to measure and use metrics effectively warrants more attention. Leaders understand which metrics are critical to their ability to see and make profitable tradeoffs across the end-to-end supply chain.

More importantly, they use the metrics effectively: Rather than focusing on one metric at a time, they understand that it's the relationship between the metrics that makes the metrics actionable.

The best also understand that there are different portfolios of metrics for the different goals and levels, and that there must be tight alignment across these levels.

At the first level, supply chain executives need only a small number of metrics for informational purposes and to assess the overall performance of their supply chains.

In the second tier are the mid-level, cross-supply chain metrics that allow managers to analyse the performance of the end-to-end supply chain and make tradeoff decisions. The third level contains the detailed functional-specific metrics such as procurement, manufacturing, and logistics, allowing deeper root cause analysis and correction.

But what really differentiates the measurement leaders is this: They understand how to align all the levels. They know that the goal of the supply chain is not just to have the lowest transportation cost, or the highest manufacturing asset utilisation, or the lowest procurement per unit cost. The goal of the supply chain is a profitable perfect order, balancing service with end-to-end cost.

The activities of all its components must be aligned in that direction. This means that wise tradeoffs need to be made across the functions; it also means that the goal should not be "best-in-class" on every metric. This requires a fundamental and profound shift in mindset and behaviors throughout the organisation. Rather than each function setting its own targets, the goals are set for the end-to-end supply chain and then cascaded down.

So, for example, the question is not: What was our plant utilisation last year and therefore what should it be this year? The question is: What is the right level of plant utilisation that will allow us to achieve our end-to-end service and cost goals? Lastly, leaders understand that while the metrics are the same, the targets vary for each of the different supply chains they operate.

Trends

Each year, our analysts talk to and research the supply chains of hundreds of companies. Through these discussions, we note certain patterns in the trends on which the leaders are focusing their time and efforts. While many of these don't change dramatically from year to year, three warrant mention here.

A new frontier of performance. Many companies are working to build out the foundational components of an end-to-end supply chain across disparate businesses, focusing on improving core supply chain functions, and creating more common processes and systems across them. More advanced companies describe a wide range of initiatives that build on the foundation, including end-to-end supply chain segmentation, simplification, cost-to-serve analytics, multi-tier visibility, and supply network optimisation.

The leaders are taking it to the next level, stepping further out on the maturity curve of these innovations and deploying the capabilities that are still theory for most. In doing so, they are finding new and creative ways to use these capabilities, exploring synergies and opportunities they hadn't necessarily anticipated in advance.

For example, leading companies like Unilever are finding synergies in the intersection between simplification, segmentation, and cost-to-serve: Having already focused on reducing complexity in everything from products to organisational structure, processes, and networks, they're now using cost-to-serve data by segment to optimise rather than simply cut the product/item portfolio, and to ensure profitable growth. Others like P&G, Lenovo, and Caterpillar are finding synergies between

S&OP and new product launches to optimise the commercialisation process, or between risk management and segmentation to refine resiliency strategies.

A new imperative for smarter growth. This past year, the growth in emerging markets that many companies were depending on to fuel their expansion, has slowed. Developed countries continue to exhibit anemic growth at best and retraction in some markets.

Against this backdrop, we might have expected to see many companies retrench and slip back to focusing their supply chains solely and exclusively on delivering cost reductions and efficiency gains to corporate bottom lines. Instead, leaders are embracing a new imperative for growth, realising they have to get smarter about how they expand. Whether it's through reducing commercialisation time, flexing the supply chain on packaging or service dimensions, or providing the engine with which new acquisitions can be quickly and easily absorbed, the conversation at companies like Cisco, Intel, and Starbucks has changed from supply chain being about "blocking and tackling" to it being an enabler of company success.

Getting to the heart of talent. Many of the companies we talk to are investing significant time and effort in supply chain-specific talent management efforts, covering everything from expanded university relationships and supply chain certification programs to rotational programs, enhanced career progression planning and multi-channel learning options.

The leaders are going beyond these talent initiatives to get at the fundamentals of motivation, looking to engage hearts, not just minds, and ignite passion for the work that goes beyond mere compliance. They are connecting the dots between the work people do every day and its contribution to the societies within which they live, recognising that most people not only need to know how they fit into the larger corporate picture, but thrive within a larger aspirational goal.

Whether you are a procurement professional helping to reduce conflict minerals, or a logistics manager looking to cut cost by taking trucks off the road and thereby reducing the global carbon footprint, it's about the contribution supply chain professionals make to improve the world.

Conclusion

In its nine years to date, the Supply Chain Top 25 has served as a spark for the global discussion and debate that we believe is essential to help constantly push the envelope of innovation for all of us in the supply chain profession. We look forward to continuing the journey. - ***RF***

BE YOURSELF, BUT CAREFULLY

By Lisa Rosh and Lyn Offermann (hbr.com, October 2013)

Leadership is a hot topic and will always be one. We seem to linger in a perpetual leadership vacuum. Today's Presidents and CEOs, generals and coaches, don't stand in comparison with the great leaders of the past - or so we are told - and in times of crisis, people cry out for someone who can show them a way to escape the looming threat. There's a general myth that leaders are born rather than made, that somehow Nature produces a peculiar species of human being who is bigger, more powerful, smarter, braver, and more charismatic than the rest.

"Authenticity" is the new buzzword among leaders today. We're told to bring our full selves to the office, to engage in frank conversations, and to tell personal stories as a way of gaining our colleagues' trust and improving group performance. The rise in collaborative workplaces and dynamic teams over recent years has only heightened the demand for "instant intimacy," and managers are supposed to set an example.

But the honest sharing of thoughts, feelings, and experiences at work is a double-edged sword: Despite its potential benefits, self-disclosure can backfire if it's hastily conceived, poorly timed, or inconsistent with cultural or organisational norms—hurting your reputation, alienating employees, fostering distrust, and hindering teamwork. Getting it right takes a deft touch, for leaders at any stage of their careers.

Consider Mitch, the director of a newly established department at a major U.S. university, who was responsible for negotiating and maintaining links with other educational and research institutions. Attempting to break the ice in his first meeting with the dean of a prominent college, he mentioned how excited he was to be at the dean's school, because he'd wanted to attend it but had been rejected. He got a cold stare in response, and the meeting ended without an agreement. Mitch thought his comment was friendly and self-deprecating; now he realises that it probably lowered his standing with the dean, who may have thought he was either challenging the admissions process or seeking pity. Mitch learned that such revelations must be skillfully deployed.

In our years of studying and consulting on leadership development, team building, and communication skills, we've come across hundreds of cases like this. Drawing on them and on more than four decades' worth of research in social and organisational psychology, we now have some lessons to share. Here we look at the common mistakes executives make when they're trying to be authentic and offer a five-step plan for moving toward more-effective self-disclosure.

Where Leaders Slip

Authenticity begins with self-awareness: knowing who you are—your values, emotions, and competencies—and how you're perceived by others. Only then can you know what to reveal and when. Good communication skills are also key to effective self-disclosure; your stories are worthwhile only if you can express them well. We typically encounter three types of executives whose lack of self-knowledge causes their revelations to fall flat—oblivious leaders, bumblers, and open books—and two types who fail because they are poor communicators: inscrutable leaders and social engineers. (However, people often fit into more than one category at least some of the time.)

Oblivious leaders don't have a realistic view of themselves and thus reveal information and opinions in a manner that appears clueless or phony. Take Lori, the director of sales and business development for a global software company. She sees herself as an inclusive, participatory, and team-oriented manager and likes to tell stories about her time as a junior staff member and how much she valued having a voice in decisions. But her subordinates consider her to be highly directive and thus find her anecdotes disingenuous. As one employee puts it, "I don't care if you make every decision, but don't pretend to care about my opinion."

Bumblers have a better understanding of who they are but not of how they come across to others. Unable to read colleagues' social cues, including body language and facial expressions, they make ill-timed, inappropriate disclosures or opt out of relationship building altogether. This behavior is particularly prevalent in cross-cultural situations when people aren't attuned to differing social norms. A case in point involves Roger, a partner in a multinational consulting firm who was assigned to help boost market share for the firm's newly formed Asia-Pacific office. Asked to coach a team that had recently lost an important account, he decided to share a story about losing his first client. In the United States, anecdotes about his own mistakes had always made his subordinates feel better. But Roger's Asian colleagues were dismayed that their new leader would risk his honor, reputation, and influence by admitting weakness.

You don't need to leave your country to bumble. Take Anne, the general manager of a cafeteria for an international technology company. An extrovert who knows herself well, she shares her experiences and perceptions freely. This can be effective when she's talking to her staff, but it's less so with outsiders. For example, when an HR manager recently complimented her on the catering she'd coordinated for an in-house awards ceremony, Anne thanked him and went on to disclose that she'd been concerned because the company had come close to outsourcing its food service. Instead of seizing an opportunity to secure more internal business for her beleaguered cafeteria, she diminished her status and worried team members who overheard the exchange.

Open books talk endlessly about themselves, about others, about everything; they're too comfortable communicating. So although colleagues may seek them out as sources of information, they ultimately don't trust them. Consider Jeremy, an outgoing senior manager with a sharp mind but a string of failed management consulting engagements. When people first meet him, his warmth, intelligence, and ability to draw them into conversation make them feel as if he were an old friend. But his aggressive familiarity soon wears thin ("I know more about his wife than I know about my own," one former colleague says), and his bosses question whether he's discreet enough for client work. Indeed, Jeremy was asked to leave his most recent job after he used a key meeting with a prospective client to detail work he'd done for several others, not only outlining their problems but identifying them by name.

Inscrutable leaders are at the other end of the spectrum: They have difficulty sharing anything about themselves in the workplace, so they come off as remote and inaccessible and can't create long-term office relationships. Aviva is a registered dietician who expanded her private practice into a full-service nutritional guidance, exercise training, and health products company. Although she's talented and passionate, she has difficulty retaining employees, because she fails to communicate her enthusiasm and long-term vision. Recently featured on a panel of female entrepreneurs, she opted to present a basic annual report and outline her sales strategy rather than to captivate the audience with a personal story, as others had done. Afterward, the other panelists were flooded with résumés and business cards; Aviva had lost out on the significant benefits that can come from appropriate self-revelation.

Finally, social engineers are similar to inscrutable leaders in that they don't instinctively share, and to bumblers in that they often have difficulty reading social cues, but their chief shortcoming is the way they encourage self-disclosure within their work groups. Instead of modeling desired behaviors, they sponsor external activities such as off-site team building. Andrew, for example, is a unit head at a financial services firm with an ultracompetitive corporate culture. Every year, he sends his team on a mandatory retreat run by an outside consultant who demands personal revelations in artificial settings. Yet Andrew never models or encourages self-disclosure in the office—and he looks the other way if employees exploit colleagues' self-revealed weaknesses to get ahead. When we asked one of Andrew's direct reports about the most recent group getaway, she said, "I learned that I hate my colleagues—and my manager—even more than I thought." Executives who make any or all of these mistakes may appear to be simply incompetent. But their cautionary tales are much more common than you might think, and we can all learn from them. In our work we've seen even the most self-aware, talented communicators err in how, when, or to whom they reveal a personal story. Everyone should understand best practices in self-disclosure.

"Authenticity" is the new buzzword among leaders but the honest sharing of thoughts, feelings, and experiences at work is a double-edged sword.

A Five-Step Path

Let's return to Mitch, who blundered with the college dean. Chastened by that experience, he vowed to get better at revelation. Since then his disclosures have proved far more effective, allowing him to establish many enduring partnerships. What makes him so successful now? First, he's self-aware: He knows who he is, where he came from, where he's going, and what he believes in. He encourages colleagues to give him feedback, and he's enrolled in several developmental training programs. Second, he communicates cautiously, letting the task at hand, along with environmental cues, dictate what to reveal when. For instance, he was all business at one meeting with a potential partner until she voiced a concern about whether her students could assimilate at his university. Sensing a critical moment in the negotiation, he decided to tell her about the challenges he'd faced in an exchange program during college—trying to learn another language, make friends, and adjust to the curriculum. The story was personal and heartfelt but also demonstrated an understanding of his counterpart's concern and a commitment to addressing it. He deepened the relationship and sealed the deal.

Mitch arrived at effective, authentic self-disclosure by following five steps:

1. Build a foundation of self-knowledge

You can learn about yourself in many ways, but the best approach is to solicit honest feedback—ideally a 360-degree review—from coworkers and follow it up with coaching. In Why Should Anyone Be Led by You? (Harvard Business School Press, 2006), Rob Goffee and Gareth Jones suggest exploring biography. You might consider your upbringing, your work experiences, and new situations, such as volunteer opportunities, that test your comfort zone and force you to reflect on your values. You might also consider your personal management philosophy and the events and people who shaped it. We start our executive coaching engagements with a detailed interview that essentially walks clients through their personal and professional histories, their successes and failures, and the lessons they've drawn as a result. These exercises can help you choose which stories are most appropriate to share with others.

2. Consider relevance to the task

Skillful self-disclosers choose the substance, process, and timing of revelations to further the task at hand, not to promote themselves or create purely personal relationships. In fact, we found in our earlier work that team development efforts often fail because they try too hard to foster intimacy rather than focusing on task-relevant disclosure and social cohesion. Be clear that your goal in revealing yourself at work is to build trust and engender better collaboration and teamwork, not to make friends—though that may happen. So before you share personal information, ask yourself whether it will help you do your job. Is it germane to the situation? Will your staff get a better understanding of your thinking and rationale? If not, you might want to save the story for a coffee date with friends. If your goal is simply to develop rapport with employees, you can find safer ways to accomplish that—such as bonding over a beloved sports team, a new movie, or a favorite restaurant.

3. Keep revelations genuine

This should be a no-brainer, but we're amased at how often we hear about managers who fabricate tales. Take Allan, who recently stepped down from his position as the associate director of marketing and communications for a regional hotel chain. In both presentations and small group discussions, he would cite examples of how he had successfully used social media, video on demand, and search engine optimisation in his prior position at a premier boutique hotel. The problem was that he held that job in the early 1980s, before those technologies were widespread. Allan did have extensive social media marketing experience, but it had come through his volunteer church work; he fudged the details in an effort to bond with his younger colleagues. Eventually they found out, and Allan lost credibility, which ultimately led to his departure from the company. Making up stories or exaggerating parts of a narrative to fit the situation may seem like a good idea, but it is easily discovered and can do a lot of harm. Instead try to find real if less-than-perfect disclosures that still capture the emotions of the situation and convey empathy. If, for example, Mitch had never been part of an exchange program, he might have told his potential partner that he was a father and therefore recognised the importance of assuaging young people's fears in new situations.

4. Understand the organisational and cultural context

Considerable research has shown that people from individualistic societies, such as the United States and India, are more likely to disclose information about themselves and expect others to do the same than people from collectivist societies, such as China and Japan. Thus Roger's Asian teammates might have been put off by his readiness to share a personal story, regardless of its content. Make an effort to investigate national and organisational norms about sharing so that you'll know when it's best to keep quiet. In any context, but especially one new to you that involves teammates from other countries, companies, or functions, you should talk to respected insiders about how people operate and what level of candor is expected. HR personnel and group leaders may be able to provide this information, but you can also test the waters with task-relevant self-disclosure to see how people respond. And you can look for cues such as eye contact and others' attempts to share or solicit stories.

5. Delay or avoid very personal disclosures.

Intimate stories strengthen relationships; they don't establish them. Sharing too much personal information too quickly breaks all sociocultural norms of behavior, making one appear awkward, needy, or even unstable. That was Helen's mistake when she was asked to introduce herself at the cross-site launch of a training program at her home health care agency. Exhausted after a sleepless night with her sick baby, she shared that experience in her introduction, to the discomfort of her audience. "They wanted to know about my education and industry background, and instead I spoke graphically about baby throw-up," she recalls. "It took me a few months after that to reestablish credibility." This doesn't mean you have to wait years before telling colleagues anything about your personal life. You just need to have spent enough time with them to develop a foundation of trust and to learn organisational norms. First develop common objectives, delineate goals and roles, and demonstrate credibility and trustworthiness through your work. Take careful note of how open others are before offering significant disclosures of your own. In some workplaces you will eventually find it safe and helpful to share; in others you'll realise it's extremely unwise to do so.

These five steps should help you avoid some of the pitfalls we've outlined and become a more effective leader. Remember to think carefully about your motives and likelihood of success. Self-disclosure is a valuable managerial tool, but it must be used judiciously. What stories do you have to tell, and who needs to hear them?. - ***RF***

TIPS TO MAKE WORKING WITH A 3PL EASIER

By Jamie Wyatt
(business2community.com, July 2013)

Designing a supply chain and its logistics components begins with knowing what your goals are and having adequate benchmarks for success. All too often, a 3PL is engaged without any more direction than "get it done" and "do it cheaply".

Out of the gate, you should have clearly defined intentions for your logistics. But there are a number of other ways you can make your engagement with a 3rd party logistics provider run more smoothly. The following few tips will keep you on the right track.

Communication is Key

If you've ever run projects involving distributed teams, you've probably seen how vital good communication is to keeping the team members on track to achieve optimal performance. Outsourcing your logistics is no exception. We're not talking about the occasional 'how's it going' email either. A virtual team separated by geographical distance still benefits from regular face to face meetings where possible and plenty of constructive phone communications. Emails have their place, but real time conversations are often ideal opportunities to flag problems and suggest improvements.

Trust Built On Clear Performance

It will take time to feel confident in the results from a 3PL, however good its records or references are. Alongside strong, 2-way communication and defined goals should always be an implicit trust and confidence.

A 3PL needs the freedom to make decisions quickly and carry out operations with consistency. If you've properly vetted your 3PL on the frontside of an engagement, you should be able to trust that they are bringing you the best estimates and proposals every time. They are your partner. If you have to waiver from that level of trust, it might be time to move on.

Benchmarking for Visible Signs of Improvement

Something that can be done at the start, benchmarking can also be a continuing process to track logistics performance, improvements and goal achievement. It relies on knowing what you want and how to measure it to then be able to track changes in a quantifiable way. It also gives you an indication if something is not working like it should, with data that you can discuss with your 3PL as a basis for putting improvements in place.

Flexibility in Resolving Logistics Issues

Nobody says you have to compromise on your strategic goals. However, there may be a choice of solutions for reaching them. By first understanding what the issue is, assessing its impact and thinking about possible answers, you're likely to have a more positive and more constructive discussion with your 3PL about resolving them.

Your 3PL may not be at fault (your issue may be internal); but it may still be able to leverage its experience and knowledge to suggest a logistical alternative – which may even be one that you hadn't thought of. - ***RF***

Note - All credit goes to the particular author and/or publication of the articles shared in this document.

das[R]ESULTAT

integrity • independence • results

Result focused logistics and supply chain advisory services

By Anton Nieuwoudt and Niels Rudolph

dasRESULTAT is a results focused logistics and supply chain management advisory company with greater than 30 years combined experience in various functional areas of logistics and supply chain management across diverse industries.

Our primary objective is to support our clients to reduce operational costs and increase their service offering to their clients through optimising their supply chain, by offering a wide range of services based on our own practical experience.

dasRESULTAT stands under joint leadership of Anton Nieuwoudt and Niels Rudolph.

Leadership

Anton has more than 12 years experience in logistics- and supply chain management across various industries. As a part time lecturer at the Department of Transport and Supply Chain Management at the University of Johannesburg, he considers himself privileged to be able to shape and guide the supply chain professionals of tomorrow.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company, Anton was at Accenture where he was involved in various projects in the Retail, Mining, FMCG and Energy sectors. Here he was able to expand and apply his fulfillment, supply chain management, supplier management, project management and business consulting expertise.

Anton also worked at DB Schenker where he gained experience in integrated logistics management, spare parts logistics as well as inbound- and outbound logistics solution implementation.

Anton holds a Bachelors degree in Marketing from the Rand Afrikaans University and a Masters degree in Logistics Management from the University of Johannesburg.

Niels has close to 20 years experience in logistics- and supply chain management mainly within the 3PL industry.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company Niels founded ORAscm as a specialised logistics consultancy company. He also worked at DB Schenker and PriceWaterhouseCoopers in Germany as a project consultant.

Niels spent the largest part of his career at DB Schenker in various roles in Germany, Singapore, Malaysia and South Africa. During his last role at DB Schenker in South Africa, Niels was responsible for logistics development, reporting directly to the CEO. Here he applied and expanded his knowledge to develop logistics solutions across the local automotive, high-tech and retail industries.

Niels holds a Diplom Betriebswirt (BA) from Staatliche Berufsakademie, Mannheim (Germany).

Functional experience

Our functional experience include among others warehouse design & management, transportation management, inventory management, demand planning, supply planning, supply chain planning, supplier relationship management and project management.

Industry exposure

We have had exposure to industries such as retail, automotive, consumer goods and services, petrochemical, mining and defense aerospace.

Core offerings

Through our core offerings we can support our clients to achieve strategic, tactical and operational results. These offerings cover areas such as Strategic Supply Chain Planning, Fulfillment, Sourcing & Procurement, and Project Execution.

Credentials

Since founding the company in the fourth quarter of 2012 we've been able to support our clients in various engagements.

Our primary engagement has been with a leading global third party logistics company. Here we've been tasked to support them in the turn-around of their contract logistics department and are currently involved in establishing a transportation control tower capability.

Secondary engagements included a warehouse performance assessment at the Cape Town operations of a global apparel company, supporting a logistics service transition at a German automotive manufacturer, providing warehouse implementation support for an agricultural equipment manufacturer and developing a solution for on-site logistics for a major construction company. - ***RF***

dasRESULTAT (Pty) Ltd.

25 Kelly View
11 Kelly Lane
Bedfordview
Gauteng
2007

dasRESULTAT is a result focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable solutions.

www.dasresultat.com

in
www.linkedin.com/company/dasresultat

Anton Nieuwoudt
anton.nieuwoudt@dasresultat.com
+27 82 495 3419

in
za.linkedin.com/in/antonnieuwoudt/

Niels Rudolph
niels.rudolph@dasresultat.com
+27 79 588 8098

in
http://www.linkedin.com/pub/niels-rudolph/4/4aa/231