

Chapter 32

Mastering Change Management for Successful Digital Supply Chain Transformations

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ABSTRACT

In response to the dramatic changes in the business landscape over the last few years, many companies are launching business transformations leveraging digital technologies to drive sweeping changes in their supply chain processes. The digital supply chain transformation can be evident establishing collaborative forecasting processes, optimizing networks and inventories, etc. Digital supply chain transformation is not a new buzz word. It is the application of digital capabilities to processes, products, and assets to improve supply chain efficiency, enhance customer value, manage risk, and achieve competitive advantage. However, organizations are still facing numerous challenges to transform and perform. Perhaps the most common misunderstanding is that digital transformation is all about the implementation and use of cutting-edge technologies. This chapter will dive deep to understand major challenges to digital supply chain transformations, identify the key drivers and enablers of digital opportunity, and provide a change management framework for digital supply chain transformation.

INTRODUCTION

In today's complex and ever-changing business world, firms of all types are rethinking every aspect of their supply chain performance. Firms are exploring new enablers like digital technologies to optimize and manage their supply chains; beginning with demand planning and order management reviewing the entire supply chain up to procurement and transportation.

In today's globalized world, firm's success is not just dependent on its own efforts. However, the success of an organization depends largely on how effectively it can orchestrate a vast, global network of supply chain partners to deliver goods and services that meet the needs of individual consumers. It's all about engaging with customers efficiently through new and improved customer experiences. Early

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adopters of digital disrupters such as Amazon, Uber, Netflix have redefined the traditional business model and demonstrated how it's to be done. They focused on customers and not just provided exceptional, unique customer experience, but also engaged customers that keep coming back for more.

Digital Transformation is not restricted to the supply chain; it's everywhere. It's in the marketing, sales, products, Support, HR, Supply chain etc. It opens new opportunities, challenges traditional methods and changes the way we think and act. One of the key challenge faced in transforming a business is to train workforce new skills necessary to participate in the new way of doing business and to make the changes for digital transformation.

In all kinds of industries from the relatively slow-moving ones such as Utilities and Cement to the rapidly changing businesses of the High-Tech and Retail industries, efficient and agile supply chain processes have become critical in achieving competitive advantage. Companies can no longer view the supply chain as a back office and a transactional focused function. It is becoming extremely prevalent in that companies are not simply looking to drive cost out of their businesses, but also striving to be more agile in securing a supply chain that can quickly adapt to a rapidly changing market.

Taking the initiative to transform supply chain leveraging best practices and the latest digital technologies is no longer an option; it is a strategic mandate in order to stay relevant in the industry. Evidently, it is crucial to act rapidly and launch transformation activities. However, the industry's reality is that 70% of all transformation initiatives (programs) fail. The author has witnessed several firms struggle with implementing the transformation improvement programs and achieving the promised value or "Return on Investment" (ROI).

The low success rates of other transformation programs and the scary statistics make firms who are about to take the transformation journey to reconsider moving forward. These firms typically have doubts and questions about the best practice in integrating new digital technologies into supply chain operations. At times they even postpone their efforts until an expert is able to address their concerns. Firms seek how to:

- Master change management and ensure users' adoption
- Address the need for new skills to support processes that span across suppliers and partners
- Ensure continuous senior management support
- Identify comprehensive metrics and ensure continuous monitoring
- Choose the right digital technology and the right software provider

Based on relevant research and the author's professional experience, the main cause for the low success rates of business transformation initiatives can be grouped into two categories: 1) The lack of preparation and familiarity with the transformation lifecycle, and 2) People-related aspects that are poorly managed or altogether neglected. This chapter provides the top 7 challenges under each respective category and explains how to address these challenges during supply chain transformation programs. This chapter also provides a practical change management framework to ensure a smooth and successful digital supply chain transformation programs. This framework includes 8 steps (phases) needed to implement change in the culture of the organization and 5 success factors for companies to maintain throughout the lifecycle of change. These five factors can be used as a checklist to evaluate the readiness of the organization to change and its chances of a successful digital transformation.

Historic background on change management in the context of digital supply chain transformations is provided in the next section.

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