

Chapter 13

The Role of Human Collaboration in Supply Chain Management

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ABSTRACT

This chapter discusses the importance human collaboration in supply chain management. Supply chain performance is often equated with acquiring the best technology or process. However, current studies suggest that supply chain performance also requires human collaboration. To change conventional thinking, this chapter proposes a holistic approach to achieving human collaboration among distributed partners, clarifies the forces that facilitate human collaboration, and identifies the steps management can take to create more collaborative team members.

INTRODUCTION

Advances in Information Technology (IT) coupled with the creation of the World Wide Web (WWW) and Internet have not only generated a more efficient means for manufacturers to interact with customers, but also for customers to access competitive products. This latter change has, in many ways, shifted the power from the seller to the

buyer. As a result, manufacturers are transforming their supply chains to provide more value laden products and services. Supply chains represent the material and information interchanges stretching from acquisition of raw materials to delivery of finished products, and consists of vendors, service providers, and customers (Chopra and Meindl, 2001; McAdam and McCormick, 2001; Council of Supply Chain Management Professionals, 2010).

To help with this transformation, many manufacturers have adopted the latest best in class

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strategies like Customer Relationship Management, Supplier Relationship Management, and versions of Collaborative Planning Forecasting and Replenishment (Lapide, 2010). While 48 percent of U.S. businesses have implemented these approaches and their associated tools, only nine percent are considering future updates, with the remaining 91 percent not sure how to proceed (Forrester, 2005). This finding suggests that adopting the latest supply chain program does not guarantee success. Success also requires the support of the people responsible for implementing such programs.

This paper will review the challenges associated with transforming supply chains, and discuss the factors that facilitate human collaboration as well as the managerial implications to achieve supply chain collaboration.

SUPPLY CHAIN CHALLENGES

There are a number of challenges with transforming today's supply chain. Foremost is the trap of becoming more enamored with the technology than its implementation (Mills, Schmitz, and Frizelle, 2004). Too often, (CIOs) hear about a new technology and think 'we have to have one of those' without stopping to think about whether or not this is true (Gain, 2005). Information systems and technology are major enablers of many best in class Supply Chain Management (SCM) firms. However, selecting enablers without a clear vision of business goals and understanding of the role that people play makes any decision a risky proposition. There is strong evidence that SCM information systems and technology investments have the largest positive impact on business competitiveness when they are focused on enabling supply chain collaboration (Fawcett, et al. 2011).

Bowersox, Closs and Drayer (2005) contend that lasting supply chain performance can only be achieved when an organization develops an integrated approach to SCM. A good example is

IBM. After deciding to transform the company into an adaptive organization that could profitably respond to customer needs, Sam Palmisano, CEO, developed a multi-dimensional supply chain transformation program shaped by five insights:

1. Cultural transformation access when leaders walk the talk
2. CEO backing and trust are keys to sustained cross-unit integration
3. Customer focus must permeate end-to-end supply chain processes
4. Employees must be measured and rewarded for end-to-end efforts
5. Technology deployment must be backed by sound IT governance

IBM's strategic transformation netted: a savings of about \$27 million per day; 38.6% more time for IBM's sales force to spend time with customers; helped reduce IBM services businesses' costs by more than \$3 billion between 2002-2004; and improved the company's ability to sell integrated solutions made-up of IBM hardware, software and services (Gartner 2005). This case underscores the importance of dealing with human behavior, the right technology and business processes as integrated and dependent factors.

Another challenge is that vendors and suppliers may not have the resources and expertise to deal with advanced supply chain management initiatives. This is especially true with Small and Medium Enterprises (SMEs) who can constitute a large percentage of a supplier base (Chan, 2004; Emiliani and Stec, 2004). Having limited resources and expertise, SMEs tend to focus on internal operational issues - unless forced to comply (Morrell and Ezingard, 2001; Estrin, Foreman and Garcia, 2003; Harney, 2005; Archer, Wang and Kang, 2008; Celuch, Walz,

Saxby, and Ehlen, 2010). When pressured to comply, many SMEs simply walk away. Ohno (1988) found that only nine percent of SMEs saw reverse auctions as an opportunity. This behavior

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