

What is a supply chain culture?

The overall success of your supply chain depends on not only having a set of clear supply chain performance measures, but these need to be supported by the right type of supply chain culture to achieve high performance outcomes. Having open and transparent supply chain relationships form the DNA of a successful supply chain. A key enabler to developing long term and trusting relationships is through ensuring the correct culture is present.

What Is Culture?

Despite many differing definitions of culture in the literature, there is a general agreement among researchers that culture relates to patterns of values and rituals that are demonstrated every day in a firm.

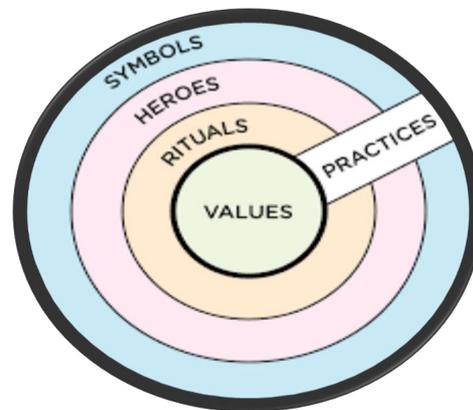


Figure 1: Cultural Framework (Adapted from Hofstede, 1990)

Figure 1 highlights that there are several layers within a cultural framework. Whilst much work has been done on values, and many companies have their own set of values, it is widely accepted that the most visible and accessible way to permeate these values is through *cultural practices*.

What are Cultural practices?

Cultural practices are the mechanisms employed by firms to ensure that its employees are engaged and embedded in the ethos and values of the firm. This might be through company away days, having cross functional problem-solving teams or simply areas within the firm to share and discuss ideas.

Many top business leaders are acutely aware of the importance of cultural practices both within their organisation and along their supply chains.

Get Supply Chain ready for Brexit



"There's no magic formula for company culture. Just treat people the way you would like to be treated",
Richard Branson, CEO Virgin

"If you get the culture right, most of the rest of the stuff will take care of itself"
Tony Hsieh, CEO Zappos



"When selecting new supply chain personnel, we are conscious that they not only fit internally, but have the correct cultural fit with our key suppliers"
Operations Director, NI Business

"We find cross functional teams and actually giving all employees a voice is critical to creating a culture of trust, shared goals and engagement"
Manufacturing Director, NI Business

In a supply chain, not only having the correct culture inside the firm, but having the correct cultural fit between company partners along the supply chain is vital to overall success. Cultural values of trust, communication, commitment and flexibility are all essential to lasting and successful relations.

Table 1 highlights how supply chain culture may impact your business under Brexit. For example, if you have strategic relationships with your suppliers, underpinned by a supply chain culture that is compatible, then under Brexit supply chain partners will work more closely through developing cross functional Brexit impact teams to brainstorm scenarios and solutions that are beneficial to everyone.

Further, the supply chain partners will work informally to resolve issues, and not just run to the contract in times of issue. There will be less conflict between partners as a no blame culture will exist, transparency will be present and any uncertainty and additional costs as a result of Brexit will be shared along the supply chain partners.

Get Supply Chain ready for Brexit

Table 1: Supply Chain Cultural Impact on Brexit

Strategic Supply Chain Relationships Criteria	Relation to Characteristics of Organisational Culture	Relation to Brexit Impact of Cultural Fit along the supply chain
Rationalisation and consolidation of the supplier base. Improved and deepened partner relationships	Values such as trust and cooperation between individuals and organisations. Work is fairly distributed and short staffing is not a significant issue. High levels of job satisfaction.	Companies will work more closely and develop cross functional Brexit impact teams along the supply chain to brainstorm scenarios and solutions that are beneficial to all members.
Partner involvement in design and product development	Norms of openness and transparency combined with frequent meetings and consultations. Early involvement with suppliers with cost savings shared between partners	For product design and development, companies will use shared knowledge and contacts to source materials with less customs and tariffs, and share any additional costs in development due to Brexit.
Bi-directional communications between partners focusing on key aspects of relationship	Behaviours of extensive inter- and intra-organisational communication, listening to each other, face to face meetings, sensitivity to issues, and focusing on the development of relationships, functions, and processes to enhance efficiency and effectiveness.	The partners will work informally to resolve issues, less conflict between partners will be visible as a no blame culture will exist, transparency will be present, and any uncertainty and additional costs will result in companies working collaboratively to reduce costs along the supply chain. Lean and agile teams from supply chain partners will be formed to assist.
Focus on supply chain development	Standard practices such as joint decision-making, employee involvement in decision making and empowerment to innovate.	Innovation teams across partners will be formed. Each partner will have an input into the decision-making process with the best interests of all. Rather than looking for alternative sourcing arrangements, firms will look for solutions to ensure customer deliveries on time, quality and on cost within the current relationship irrespective of the supplier's location.
Strategic supply chain management	Effective leadership and compatible organisational cultures. Practices match the values and are cascaded and embedded via a process of socialisation.	To ensure partners remain loyal and collaborative in the current uncertainty, practices such as joint away days, two-way communication, and inviting suppliers to work on site within the company will be introduced. Open source platforms to share ideas and knowledge exchange may be introduced.

Get Supply Chain ready for Brexit



In a supply chain context, the 'softer' side (culture) is often ignored in favour of the hard measures alone. This is partly due to the fact the harder measures are much easier to quantify and measure. But it is also because many firms typically lack the tools and techniques to measure and manage their supply chain culture. However, the success of your business is dependent on having both hard and soft measures working symbiotically. *Quantitative measures alone repeatedly result in low performing companies and supply chains.*

Best in class companies have realised the importance a compatible supply chain culture on overall supply chain success. These firms are building cultural assessment and cultural compatibility into the supplier selection process when deciding on strategic long terms supplier relationships. Further, the supply chain culture is continually nurtured and managed. For example, best in class companies adopt a range of socialisation initiatives to embed their culture along the supply chain, using practices, such as cross company working groups, suppliers on site and joint sports days.