ONE-ON-ONE

Kevin O'Marah, Chief Content Officer, SCM World

■ ONE-ON-ONE PROFILE

Kevin O'Marah grew up in Boston and now resides there with his wife and three kids.

🏛 **Education:** MBA from Stanford University, Master of Science in Industrial Relations from Oxford University, Bachelor of Arts in Economics from Boston College

🧭 **Professional Background:** Research fellow at the Stanford Graduate School of Business, Co-chair of the SCM World Executive Advisory Board, Group Vice President for Supply Chain at Gartner, Vice President – Oracle Corp., Strategy Consultant – Mercer Management Consulting and the MAC Group

🏆 **Certifications/Recognitions:** Created the Gartner Supply Chain Top 25

📓 **Hobbies:** Kevin is a long time lacrosse player, coach and fan; and is also a former groundskeeper and arborist.

At the recent SCM World Live event, you dedicated an entire day to Women in the Supply Chain. Why is your organization so committed to promoting the advancement of women in the supply chain profession?

Great question. The reason for such advocacy is two-fold. One is the data we have found and additional research we've discovered from the likes of McKinsey, which indicates that companies with diverse executive teams have better financial results. From a supply chain perspective, we found that 91 percent of more than 100 people we surveyed (male and female) agreed that the unique skillsets of women are advantageous to supply chain. The second reason is in response to appeals from our own members, including Beth Ford, EVP and COO of Land O'Lakes who sits on our Executive Advisory Board, and members like Sandra Wellet at Lenovo and Sandra Kinmont at Unilever, who have urged us to take this on as a responsibility to the community at large.

Supply chain professionals have been lobbying for greater influence in the development of new products. Now that more forward-thinking organizations are adopting product platforming strategies, what is your advice to supply chain managers for making the most of this opportunity?
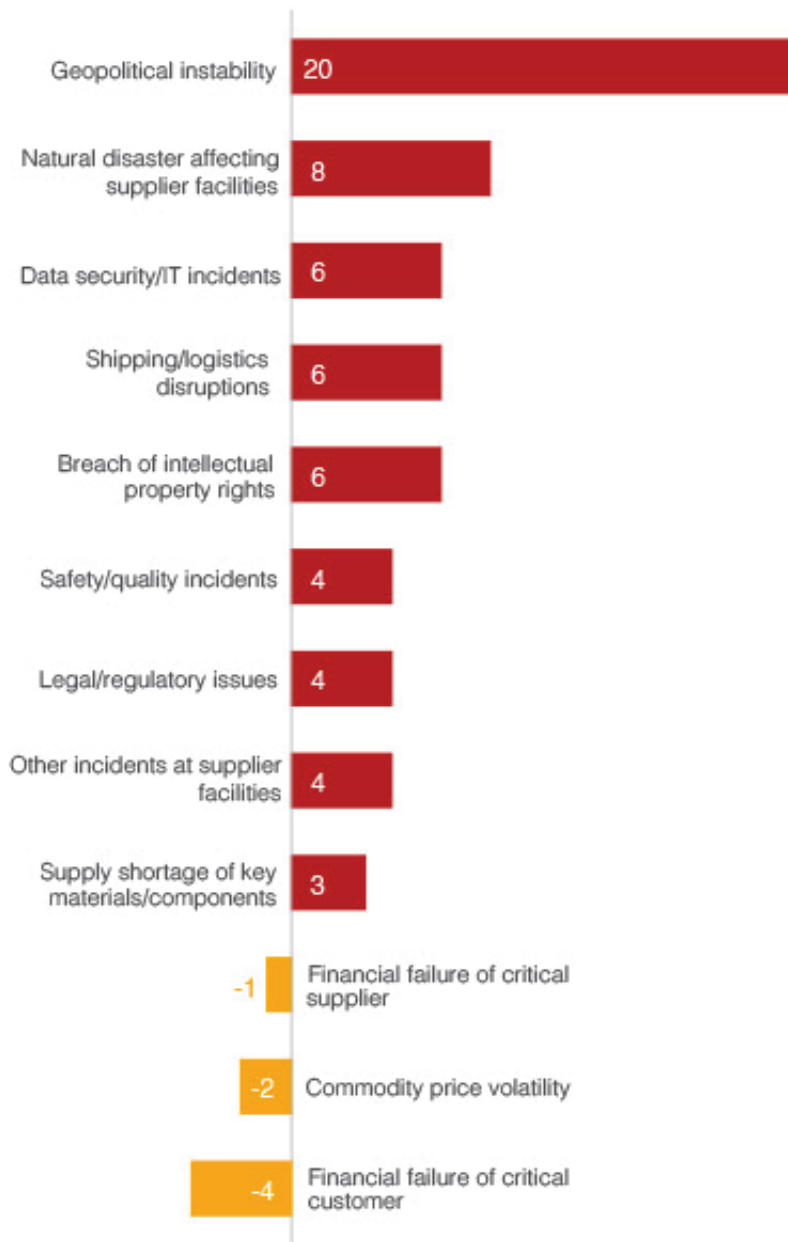
Anyone who has been in the supply chain for a while knows the pain of dealing with supply chain issues due to engineering decisions. Platforming, we believe, could finally put this perennial problem to rest. Development teams cannot expect to repeatedly innovate and bring platforms to market that are scalable–both technologically and in terms of the supply chain's ability to support it over time–without supply chain input.

So, this is a unique opportunity for supply chain to have a more meaningful impact on product design decisions, and I believe it would be a mistake to come in and say: "We can make sure your product is low cost." This minimizes supply chain's value. The approach should be: "Here is what we can do to make sure you have a viable platform

for future innovation," which includes cost, but also other factors such as survivability and integration capability. Supply chain is the only one who can bring that knowledge to the table.

Key supply chain risks: risers and fallers

% point change in respondents 'very' or 'somewhat' concerned in 2014 vs 2013

Risk	% point change
Geopolitical instability	20
Natural disaster affecting supplier facilities	8
Data security/IT incidents	6
Shipping/logistics disruptions	6
Breach of intellectual property rights	6
Safety/quality incidents	4
Legal/regulatory issues	4
Other incidents at supplier facilities	4
Supply shortage of key materials/components	3
Financial failure of critical supplier	-1
Commodity price volatility	-2
Financial failure of critical customer	-4

Source: SCM World Chief Supply Chain Officer Report 2014

SCM World's 2014 Chief Supply Chain Officer Report revealed some unexpected shifts in executives' approach toward supply chain risk. What do you think this means for members of the electronics supply chain?

Traditionally, financial failure of a critical customer or supplier and commodity price variability have been the perennial risk leaders, but this year, we saw a major leap in concern for "act of God" kinds of risk, such as geopolitical instability and natural disasters.

We believe this could be a harbinger of a dramatic change in the ways in which risk is managed throughout the supply chain. Instead of focusing risk management efforts on mitigation, i.e. auditing suppliers and customers for potential weaknesses or looking at commodity dependencies, the trend now seems to be companies assuming bad things will happen and funneling their risk management efforts toward building a more robust response capability.

Is it your sense that companies are adding the response piece to their risk management strategy, or are they truly shifting focus? Does this potentially leave these organizations more vulnerable to loss due to disruptions from financial issues or product allocation?

I believe they are adding it rather than swapping it. Due diligence on customers and suppliers remains a key risk management practice and may in fact be getting better as supplier consolidation reduces the fragmentation of supply bases. It is also getting easier as information sources proliferate. The trend toward disaster response is part of

a long-term move toward more agility and resiliency in supply chains and should complement classic risk assessments of trading partners' financial or operational health.

Sustainability is not the hot topic in supply chain that it was several years ago, but the results of SCM World's 2014 Chief Supply Chain Officer survey indicate that there has been some significant behind-the-scenes progress occurring. Tell us what's new in sustainability.

Yes, it is interesting, because although supply chain sustainability or social and environmental responsibility (SER), is not as much a top-of-mind kind of issue as it was three or four years ago, it's impact on the supply chain appears to be getting stronger. For example, at the start of this movement, creating a positive brand image was just about the sole motivator for pursuing more "green" products and processes. But, despite a clear message from consumers that the degree to which a product is or is not green doesn't really inform their purchase decisions, companies, especially those in high-tech, continue to actively support sustainability programs. Though I am sure there is a degree to which good citizenship plays a role in these efforts, it's fair to assume the realization that sustainability programs can help reduce cost is the primary driver for sustainability initiatives today.

An added benefit companies may derive from their sustainability programs in the coming years is the appeal of these efforts to new recruits. Millennials don't just want jobs; they want careers that are meaningful. Having a best-practice sustainability program could be the differentiator that prompts the best and the brightest to choose to work with your organization versus your competitors. This can also help combat the poaching of supply chain talent by other industries that are just now recognizing the strategic value of the supply chain. In hi-tech, 35 percent of hi-tech companies say they have fully implemented social and environmental responsibility initiatives with key suppliers. That number is significantly higher than in any other industry sector we surveyed.

Attitudes toward cyber security today seem reminiscent of the early risk management movement. Everyone agrees it's a problem, but they assume someone else is going to deal with it. Why do you believe supply chain professionals need to pick up the ball on this issue?

You are right. I think supply chain managers, along with most other business functional areas, assume corporate IT departments will own the cyber security problem, which is probably why data security and cybercrime were rated only as the 6th most concerning supply chain risk in this year's CSCO report.

I am greatly worried that supply chain leaders in sectors including hi-tech, pharmaceuticals and retail are underestimating the importance of safeguarding the information they handle every day. Think of all the beyond-the-firewall information that is shared in the hi-tech supply chain, such as engineering data with contract manufacturers, point of sale customer data, etc. All that information is out there and someone has to protect it.

Supply chain leaders need to look into technologies like Internet of Things and Big Data to see how the supply network itself can be more secure. IoT, for instance, can provide visibility on location and condition of material as it moves through the network. This data could be matched to user identities to limit access to distributed systems like those in retail outlets, DC's, or the handheld devices used by drivers. Big Data could be applied to order transaction data to identify anomalies in use patterns that might point to weak spots in security. Any ideas for better monitoring external access to the extended supply chain are worthy of consideration beyond the role of corporate IT if they might help fight cyberattacks.

Related Resources:

- Report: SCM World 2014 Chief Supply Chain Officer Report (http://scnavigator.avnet.com/wp-content/uploads/2015/04/Chief_Supply_Chain_Officer_Report_2014.pdf)

- Blog: Cybersecurity and Supply Chains: Be Very Afraid (http://www.scmworld.com/columns/beyond-supply-chain/cybersecurity-and-supply-chains--be-very-afraid/)

- Blog: Supply Chain Leaders Must Own Sustainability (http://www.scmworld.com/Columns/Beyond-Supply-Chain/Supply-chain-leaders-must-own-sustainability/)