



## The supply chain manager as political-entrepreneur?



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### ABSTRACT

This paper explores the emerging role of the supply chain manager (*scm*) towards strategic supply chain relationship manager (*scrm*), where the emphasis moves from managing processes to managing relationships with suppliers. We posit that changes in role require changes in both management approaches and the skill requirement of role players.

We review the literature related to both the supply chain manager and the key account manager because of the apparent similarity in the emerging boundary spanning nature of their roles and borrow the concept of the *political-entrepreneur* from the key account management literature and use this model to explore the emerging role of the *scrm* within the context of three case studies drawn from the aerospace industry.

Our findings support the idea that the *scm* role is increasingly strategic but in addition we found that the role has moved from being that of boundary connector, to boundary spanner, where less formal mechanisms are employed to resolve problems or create value, using both *political* and to a lesser degree *entrepreneurial* skills.

We believe that valuable insights are provided into the evolving role of *scrms* by the study with implications both for managers of *scm* programmes and for HR departments in terms of recruitment and development of supply chain relationship managers.

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### 1. Introduction

This paper explores the emerging role of the supply chain manager (*scm*) towards strategic supply chain relationship manager (*scrm*), under the stimulus of changes in economic organization, where the emphasis moves from managing processes to managing relationships with suppliers. We posit that changes in role require changes in both management approaches and the skill requirement of role players, as such we are concerned with exploring the role of the *scrm* in order to deepen our understanding of how they manage networks *informally* in order to transcend the restrictions of formal contracts, processes, structures and relationships in the resolution of contractual and operational problems and in the realization of potential synergistic value.

We begin our literature review by briefly outlining the changes in the organization of economic activity, the way in which companies configure to create value, that have necessitated changes in the way people manage.

Two groups of managers whose emerging roles reflect these changes are supply chain managers (*scms*) and key account managers (*kams*). The apparent similarities between these roles provide opportunities for borrowing from the literature of each and from the key account management literature we identify a model that describes the role of

the *kam* as *political-entrepreneur*, which suggests a framework for understanding the emerging *scrm* role. In discussing these role changes we also identify the importance of boundary spanning and the use of informal control mechanisms in managing across organizational boundaries. We then go on to discuss the nature of the political and entrepreneurial competencies necessary to manage informally before presenting a model that conceptualizes the role of *scrm* as *political-entrepreneur* and suggests the political and entrepreneurial elements of that role.

We posit that this evolving role represents a significant change in managerial practice that has implications for the way companies manage the process of problem resolution, value creation and the balance of power. The implication is also that managers occupying these boundary spanning inter-organizational roles may need skills other than those traditionally nurtured in intra-organizational managers. In an attempt to bridge this gap in knowledge our attention is drawn to three issues: the changing role of supply chain managers; the changes in the mechanisms employed to realize value, implement contractual agreements and reconcile/balance power within the network; and, the nature of the skills and competencies employed by a central player in collaborative networks.

Using three case studies drawn from the aerospace industry the paper provides examples of developing political and entrepreneurial capabilities observed in the behaviours of supply chain managers.

The research methodology is then discussed and the main findings are presented. The paper concludes with a discussion of the implications of these findings and a proposed agenda for future research.

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## 2. Literature review

### 2.1. Changes in the organization of economic activity

The organization of economic activity, the way in which companies interact with their environment in order to create economic value, has changed radically in recent years. Badaracco (1991) identified a shift from the firm operating as a “citadel”, to firms operating as “city states”. He argued that many of the economic leviathans of the early C20th encompassed all of the means of production and value creation within their organizational walls, and could be described as “citadels”, interacting with their environment only to compete for resources or markets, whereas the growing complexity of modern business required collaboration between players who contributed their individual competencies to the creation of value, which was considered impossible for one company to create alone, hence collectively they represented a form of economic organization that he dubbed the “city state”, a group of autonomous but interdependent organizations collaborating for mutual advantage.

More recently the recognition of competing supply chain networks and value nets attests to the accuracy of Badaracco's observations and requires the development of relationship management competencies within the context of networks of collaborating organizations. Of interest to us is the way in which these networks of relationships are managed informally. At one level they are managed through formal contract where agreements prescribe working practices but our experience suggests that informal mechanisms for problem resolution may be of equal, if not greater importance.

These changes have significant implications for management. Traditionally, whilst looking outwards to identify threats and opportunities, managers have been intrinsically concerned with the deployment of internal resources (human and otherwise), over which they have direct vested authority. The increasing importance of networks within which companies collaborate in order to create value, mean that some managers are concerned with the acquisition and deployment of resources beyond their direct authority both from within their own organizations and within customer or supplier organizations. Gaining access to these resources and influencing outcomes in other organizations or other parts of one's own, means that managers cannot merely connect, but must “span” organizational boundaries and cannot rely solely upon formal or contractual control mechanisms when seeking to influence the behaviour of others.

### 2.2. The contribution of the literature to our understanding of the role of supply chain manager

Two groups of managers, in particular, who are affected by these changes are supply chain managers and key account managers (Biemans, 1995; Singh, 1993). Both are notable in occupying important boundary spanning roles that go beyond dyadic, to encompass complex network relationships, both are roles that are evolving in strategic importance and both are increasingly involved in inter-organizational value creation and the management of inter-organizational relationships. These similarities suggest that something may be learned from drawing upon the literature related to both.

The role of supply chain managers (*scms*) is transitioning from operational to strategic (Lambert & Schwieterman, 2012). Traditionally supply chain managers, whatever their specific role (which typically encompasses functions including purchasing, planning, production/operations, distribution and logistics) are concerned with the ‘middle phases’ of product and service life cycles, where operational roles such as the generation of formal contracts, negotiation, contract compliance, expediting, planning and scheduling have been their focus. In the last decade or so, not only have these activities changed significantly, frequently through various forms of standardization and automation, but also supply chain professionals have become more actively involved

in strategic decision-making. Of significance for us, this has included a greater involvement in total life cycle management, most significantly expanding actively into the design phase and thus embracing processes of collaborative innovation. Furthermore, *scms* are increasingly assuming a far greater responsibility for problem resolution and risk mitigation within the supply chain. Lambert and Schwieterman (2012) point to changes in the *scm* role, it being increasingly viewed as “strategic, process oriented and cross-functional and value creating for buyer and seller”. These changes are similar to those observed in account management where the emphasis is increasingly upon strategic relationship managerial tasks (crisis resolution, value creation, innovation etc.) rather than operational issues (sales and purchasing).

Moeller, Fasshacht, and Klose (2006) identify purchasing as the “gateway” between the external supplier and the internal functions of the firm, suggesting a role for the *scm* encompassing collaboration with suppliers in joint value creation. Collaborative innovation with suppliers and third parties has been discussed as strategically advantageous (Baldwin & von Hippel, 2011; Bititci, Martinez, Albores, & Parung, 2004; Cross, Hargadon, Parise, & Thomas, 2008; Dyer & Singh, 1998), authors citing the improvements in quality, cost and time from such developments for organizations in the car industry (Clark & Fujimoto, 1991; Dyer, 2000; Lamming, 1993), and beyond.

Taking advantage of collaborative innovation does, however, require new management skills, Biemans (1995), citing most notably those of the ‘boundary spanner’, whilst Johnsen and Ford (2000) undertook a study of collaborative innovation and found that the critical collaborative skills needed by the parties to the relationship included: *mobilizing, informing, synchronizing, and co-ordinating* – reflecting Dyer and Singh's (1998) contentions about the increased significance of relational skills.

Boundary spanning between buyer and supplier has been shown to be both critical to the effectiveness of trust – based collaboration and to directly impact the degree of trust between the parties (Lado, Paulraj, & Chen, 2011; MacDuffie & Helper, 2007; Zhang, Viswanathan, & Henke, 2011), where communication and commitment are two critical dimensions identified as the ‘building blocks’ of collaborative trust. Croom (2001) explored this further in an examination of the dynamics of customer–supplier interaction, recognizing the impact of not only commitment and communication, but also the ability to navigate the relationships within and between the dyadic organizations.

Moeller et al. (2006) propose three broad managerial tasks for *scms*: the management of “out” suppliers, “in” suppliers and “in” supplier (relationship) dissolution. The management of “out” suppliers is largely concerned with identifying those suppliers who have the potential to become “in” suppliers; the management of “in” suppliers with setting up and developing the relationship, with establishing contract, with managing disruption, and finally with dissolution once the relationship no longer delivers the required level of value, through choice, natural or forced ending.

Sandberg and Abrahamsson (2009) suggest that senior supply chain managers act as supply chain thinkers, relationship managers, controllers and organizers of the future. Knight and Harland (2000) identified a number of supply network management roles: information broker, advisor, network structuring agent, supply policy maker and implementer, coordinator and innovation sponsor. They further identified a number of competencies required to support those roles: network understanding, developing a network position, relationship management, strategy formulation, strategy implementation and learning, knowledge and knowledge management (Knight, Harland, Walker, & Sutton, 2005). Many of these reflect those skills discussed below in relation to the *ksam* (Wilson & Holt, 2014).

Key, or strategic account management evolved from the “sales” function and as a result has suffered from an association with “sales” rather than “management”. This was first noted by Millman and Wilson (1996) but more recent studies suggest that this may still, to some extent at least, be the case (Wilson & Woodburn, 2012) and that the role of the *kam* continues to be poorly understood and perceived

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