



SUPPLY CHAIN INSIGHTS

TAKING A FRONT-SEAT IN THE REINVENTION OF SUPPLY CHAINS

The way we work, the skills we need, what we believe in and a better understanding of customers' needs

DHL Supply Chain – Excellence. Simply delivered.

Since supply chain has become a household term, the beating heart of industry is coming of age. The 2021 Gartner Future of Supply Chain Survey¹ tells us that 'supply chains are on the precipice of revolutionary transformations demanded by their current and future customers and staff, as well as their CEOs'. According to the survey there are four distinct reinventions taking place.

These four reinventions mean supply chain employees will enjoy a career based on their preferences; with the skills needed to efficiently operate today's supply chains; they will work for a truly ethical company – one that has a strong focus on environmental, social and governance at its core – and underpin commercial innovation. These have become the expectations of today's candidates when choosing the type of organization to build their

career with ... and they sit at the heart of the supply chain reinvention.

The way we work: flexibility for all

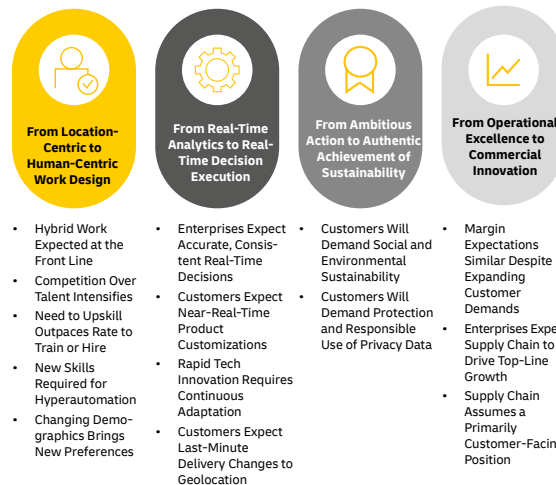
In our post-pandemic world, workplace flexibility takes on a whole new meaning beyond the simple freedom to work remotely. McKinsey states the value of flexibility involves three key elements to truly meet employee needs: where, when and how work can be done.²

But what can be done to give frontline logistics employees the same level of flexibility as remote workers? We are taking a holistic look at the work environment and finding new opportunities in unlikely places to head-off the talent shortage and provide new opportunities.

- 1. Driver relays** We recognize that young people are apprehensive to become drivers, as they need to be away from home for prolonged periods. To address this, we have adopted a relay approach for long routes, in which multiple drivers transport the freight for one leg each, before returning home each night.
- 2. Driving ambition** To support the pressing need to attract more people to the driving profession, we have launched initiatives such as our Dock-to-Driver program, to identify warehouse workers who have demonstrated stability and commitment to develop their careers. We invest in them to allow them to make the transition from warehouse to driving.
- 3. Bringing in helping hands** The automation of warehouses and digitalization of the supply chain is undoubtedly a key factor in tackling

FIGURE 1

Top Strategic Planning Assumptions Across Four Distinct Reinventions



Source: 2021 Gartner Future of Supply Chain Survey

¹<https://www.gartner.com/en/documents/4009912>

²<https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-organization-blog/three-types-of-modern-flexibility-todays-workers-demand>

today's labor shortages. From picking, packing, wrapping and cleaning; to inventory management and the handling of returns, technology is driving efficiencies in every corner of the warehouse, delighting employees who work alongside these tireless, weight-lifting robots.

With fast integrations, robots can be easily moved to different locations to fulfil a short-term need, for example a peak in orders. Of course, there is still much opportunity to automate and it's these exciting advances that are bringing people with fresh new ideas into the supply chain.

Finding the skills to manage robots and data

Advancing the automation and digitalization of supply chains are themes dominating industry headlines and providing abundant opportunities. For example, roles being advertised include apprentices to support warehouse automation.

But are workers ready to adapt to new technologies and acquire new skills? According to the 2021 DHL Future of Work in Logistics Survey, the logistics workforce is willing and ready to become more digitally proficient. Nearly nine in 10 logistics employees, across both operations and office work, saw digitalization as an opportunity to learn new skills.³

The need for data to provide visibility right across the supply chain has never been greater, creating opportunities for data analysts, as companies seek to find competitive advantage in this new business landscape.

Academia is also paying attention. For the very first time last year, the QS World University Business Masters Rankings included the Masters in Supply Chain Management,⁴ and according to an article in Supply Chain Dive, "early signs indicate an increased interest in supply chain talent coming out of higher education programs."⁵

³<https://www.dhl.com/global-en/home/insights-and-innovation/thought-leadership/trend-reports/future-of-work/interactive-report.html>

⁴<https://www.topuniversities.com/university-rankings-articles/world-university-rankings-masters-supply-chain-management/top-universities-masters-supply-chain-management-degrees-2021>

⁵<https://www.supplychaindive.com/news/coronavirus-pandemic-supply-chain-education/583279/>

⁶<https://www.ibm.com/thought-leadership/institute-business-value/report/2022-sustainability-consumer-research>

⁷<https://ourworldindata.org/emissions-by-sector>

⁸<https://www.ibm.com/thought-leadership/institute-business-value/report/supply-chain-of-the-future#>

Creating a better world to live in

A demonstrable, measurable commitment to creating a sustainable future is fast becoming a pre-requisite for attracting employees and becoming more successful in business. Research by IBM Institute for Business Value found that one in three employees who changed jobs the previous year accepted a job with an employer they consider to be environmentally sustainable (35%) or socially responsible (40%).⁶

The companies that will see the greatest success have bold strategies, backed up with investment and measures to accelerate their sustainability credentials. Transport (both passenger and freight) accounts for 16.2%⁷ of the world's greenhouse gas emissions, and that is not lost on the logistics industry. In one study, 78% of supply chain managers reported that they are adopting environmentally sustainable business practices, and 72% have sustainability initiatives incorporated into procurement and sourcing activities.⁸

We are committed to being global leaders in creating a sustainable future for us all. We believe that if we follow a clear strategy, we can change lives and create a lasting positive impact. Deutsche Post DHL has, for example, committed to reduce CO2e emissions to below 29 million tonnes by 2030, in line with the Science-Based Targets Initiative (SBTi). This will require an investment of €7billion by 2030 in clean operations.

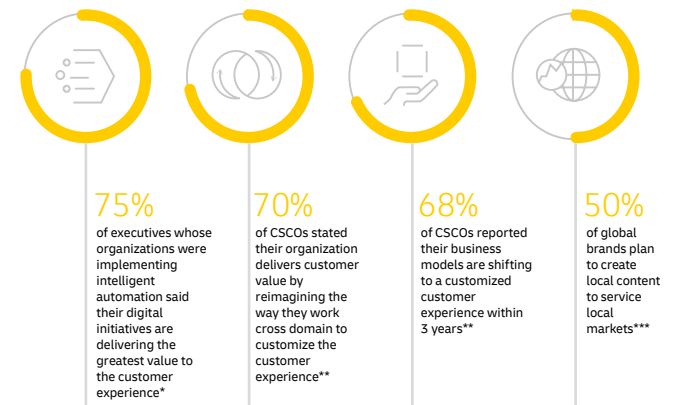
Commercial innovation will drive business growth

The voice of the customer is becoming the compass to deliver value through the supply chain. Having a clear picture of what customers need in real-time, by identifying and using the right data, will enable a more responsive approach and an opportunity for efficiency gains.

FIGURE 2

The essential customer experience

Leaders inspire innovation to deliver differentiating value to customers



*Butner, Karen, Tom Ivory, Marco Albertoni, and Katie Satheran. "Automation and the future of work: Creating intelligent workflows across the enterprise." IBM Institute for Business Value. July 2020.

** IBM Institute for Business Value Smarter Supply Chain Study, 2020. Previously unpublished data.

***IBM Institute for Business Value Virtual Enterprise Survey, 2021. Previously unpublished data

We are providing technology to capture data to help our own customers make informed business decisions, by giving near real-time visibility of their end-to-end supply chain. This is enabling faster decisions about inventory management, manufacturing and production and making adjustments to deal with the unexpected, leading to more efficient operations without wasting time or suffering unnecessary costs, or loss of business.

A new era of supply chains is upon us. The way we work, the skills we need, what we believe in and how we respond to customer needs, will all be critical ingredients to any organization's success.