



Expanding into APAC? What to Know About Operations & Supply Chain Leadership

Due to a combination of commercial & geopolitical considerations, US & Europe-headquartered multinational companies are looking to diversify their operational footprint in Asia Pacific beyond China to additional Asian manufacturing markets. To do this successfully & sustainably, identifying the right talent for the top supply chain roles is crucial. However, many companies with headquarters outside APAC often lack an understanding of the key differentiators between APAC and broader global supply chain talent. As a result, these organizations are often unprepared to recruit, develop, and retain the region's operations and supply chain officers (OSCO) top talent.

Additionally, as supply chains evolve in a post-pandemic world, it is imperative for global organizations to leverage their APAC supply chain leadership talent to drive innovation and productive disruption around themes like digital, sustainability & diversity.

To understand these differences, Russell Reynolds Associates analyzed proprietary psychometric data for 114 APAC operations and supply chain C-suite leaders and compared this to psychometric data for 874 global (excluding APAC) leaders in equivalent positions. We learned that operations and supply chain leaders in Asia Pacific:

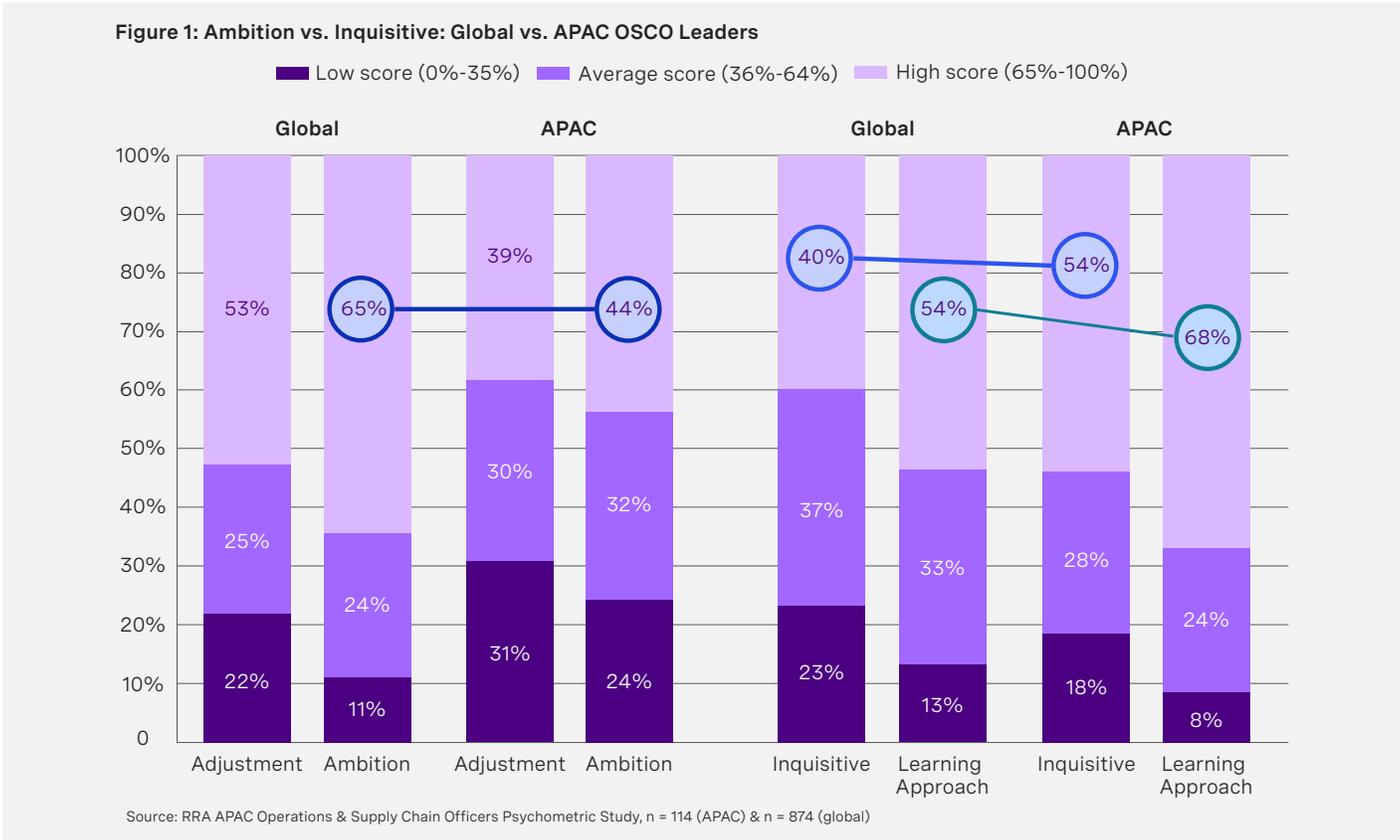
1. Index higher on curiosity, while global leaders are more oriented towards outcomes.
2. Enjoy being in environments where they positively impact other people and society.
3. Are used to more hierarchical environments, and are more motivated by recognition.

C-suite operations & supply chain leaders refers to C-suite operations, procurement and supply chain executives.

APAC operations & supply chain leaders index higher on curiosity, while global leaders are oriented towards outcomes

Global operations and supply chain leaders are more aligned to outcomes and results, while those in Asia Pacific index higher on curiosity and learning orientation.

Russell Reynolds Associates found that 65% of global OSCO leaders achieved high scores in ambition, while only 44% of APAC OSCO leaders achieved high scores in this category. Alternatively, 68% of APAC leaders achieved high scores in learning approaches, while only 54% of global leaders fell into the high score category. APAC leaders also outpaced global leaders in terms of inquisitiveness, scoring 14 percentage points higher in this category (54% versus 40%).



Curiosity is an important leadership competency for operations and supply chain officers, especially as it relates to questioning the status quo and asking disruptive questions of current supply chains.

There are multiple examples of supply chain innovation being driven first in APAC within large global multinationals. For example, a large personal care US-HQ FMCG player in China drove its e-commerce channel share from less than 5% in 2017 to over 35% in 2022 through direct partnerships with Chinese platforms like JD.com and Tmall.com. This included supply chain aspects like warehouse optimization, process redesign, and systems integration.

An operations and supply chain officer who has worked in Asia and other global regions recounted how he saw a tendency in Asia to disaggregate the supply chain to look for efficiency and effectiveness opportunities at a granular level. This need to “look under the hood” bears witness to a curious mindset. The instinct in the US and Europe is to build, scale, and leverage consolidation services, thus avoiding detail in favor of outcomes.

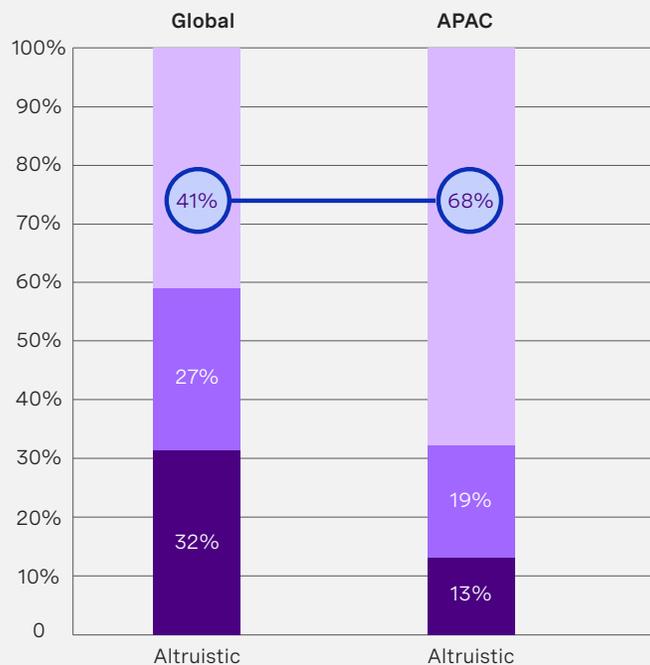


APAC operations & supply chain leaders enjoy being in environments where they positively impact other people and society

Operations and supply chain leaders in APAC are highly motivated by altruism, with 68% of respondents achieving high scores in this category. This is significantly higher than global operations and supply chain officers, of which only 41% achieved high scores. The inverse of this is also interesting—global leaders were more than twice as likely to achieve low scores in altruism than APAC OSCO leaders.

Figure 2: Altruistic Leadership: Global vs APAC OSCO Leaders

■ Low score (0%-35%) ■ Average score (36%-64%) ■ High score (65%-100%)



Source: RRA APAC Operations & Supply Chain Officers Psychometric Study, n = 114 (APAC) & n = 874 (global)

This finding is consistent with our other culture studies comparing Asia and the rest of the world. Leaders in APAC consistently rank higher in “Power Distance,” which signifies leaders who place themselves on a pedestal vs. those who position themselves as relatable equals to their direct reports. This, in turn, puts subtle pressure on leaders to “protect” their subordinates.

We also see this altruism reflected in heightened attention to environment concerns. APAC leaders are much more likely to focus on sustainability parameters than their global counterparts. As we learned in our [2022 Divides & Dividends: Leadership Actions for a Sustainable Future](#) report, seven out of ten next-generation Indian leaders have taken on three or more job responsibilities to improve environmental and social outcomes. This is significantly higher than the global average of 40%. Reinforcing this, a [2020 survey conducted by EY](#) found that 67% of APAC respondents are taking steps to bring more sustainability to supply chains, compared to 52% of global respondents.

Case Study

One of the largest global fast-moving consumer goods players combined their “go-premium” strategy with their sustainability objectives through initiatives around sustainable formulations & packaging material, lean product launches, and go-to-market plans based on different products’ life cycles. This organization worked closely with regulators in both Europe and China to align on approvals for a specific environment-friendly ingredient in their haircare products, which met ESG standards for both regions. Bringing cross-regional operations & supply chain leadership to the discussion helped drive new sustainability outcomes for the organization globally.

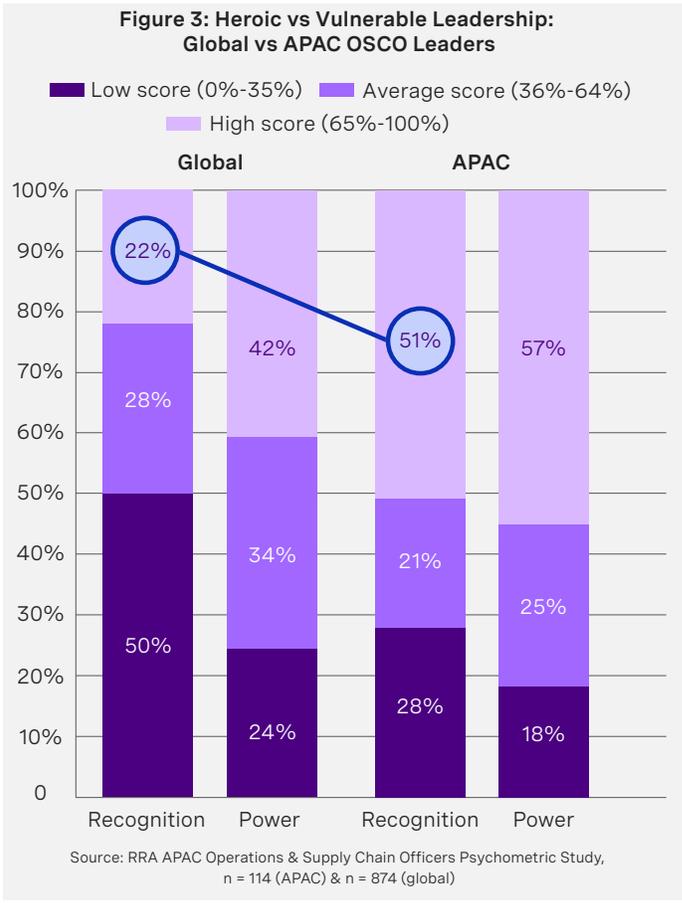


APAC operations & supply chain leaders are used to more hierarchical environments, and are more motivated by recognition than their global counterparts

APAC operations & supply chain leaders are more than twice as likely to be highly motivated by recognition than their global counterparts (51% vs. 22%).

To that point, it's crucial to ensure that specific opportunities are reserved for and evenly distributed across APAC, as recognition is especially motivating to leaders in this region. A natural affiliation for similar perspectives and the fact that, despite recent increases, the share of APAC leaders in global businesses is still low may lead to a lack of acknowledgement for APAC leaders' accomplishments.

Another manifestation of the "Power Distance," (referenced above) is that employees in APAC tend to look at their leaders for guidance and validation, deliberately seeking recognition from their leader, who often occupies a "parental figure" position in an organization. This level of deference frequently confounds leaders from outside the region. External leaders who are unfamiliar with this practice often mistake numerous check-ins during execution from otherwise competent professionals as lack of confidence or just unwillingness to "get on with it." Instead, leaders working within APAC for the first time should reframe this perception and embrace frequent check-ins, using them to recognize and encourage progress.



Recommendations

Expanding supply chain operations across the Asia Pacific is a complicated task. However, investing in APAC supply chain leadership today will allow companies to significantly outpace competition to win globally tomorrow. To identify, retain, and develop leading APAC operations & supply chain talent, organizations should consider the following:

Embrace APAC OSCO leaders' learning orientation, curiosity and altruistic motivations.

Ensure there are enough cross-functional forums and opportunities for APAC operations & supply chain leaders to partner with their global counterparts. To capitalize on APAC leaders' increased focus on sustainability parameters, consider incubating new sustainability strategies and processes in the region, allowing leaders in the region to take ownership.

Provide equal opportunities across geographies, always considering differing cultural contexts.

Ensure that opportunities are evenly distributed globally, including new APAC operations & supply chain officers in business contexts where innovation is key. Be cognizant of what opportunities are reserved for senior leadership and which can be cascaded across levels. Distributing ownership and advancement opportunities across levels, while also providing for a slightly higher cadence of recognition to APAC leaders, is crucial to talent retention.

Supercharge development for emerging leaders.

After identifying high-potential leaders, it's important for HR/ Learning & Development teams to create development programs that help operations leaders recognize their strength areas & bridge potential competency gaps - especially as companies think about migrating senior operations leaders from western markets to APAC, or vice versa.

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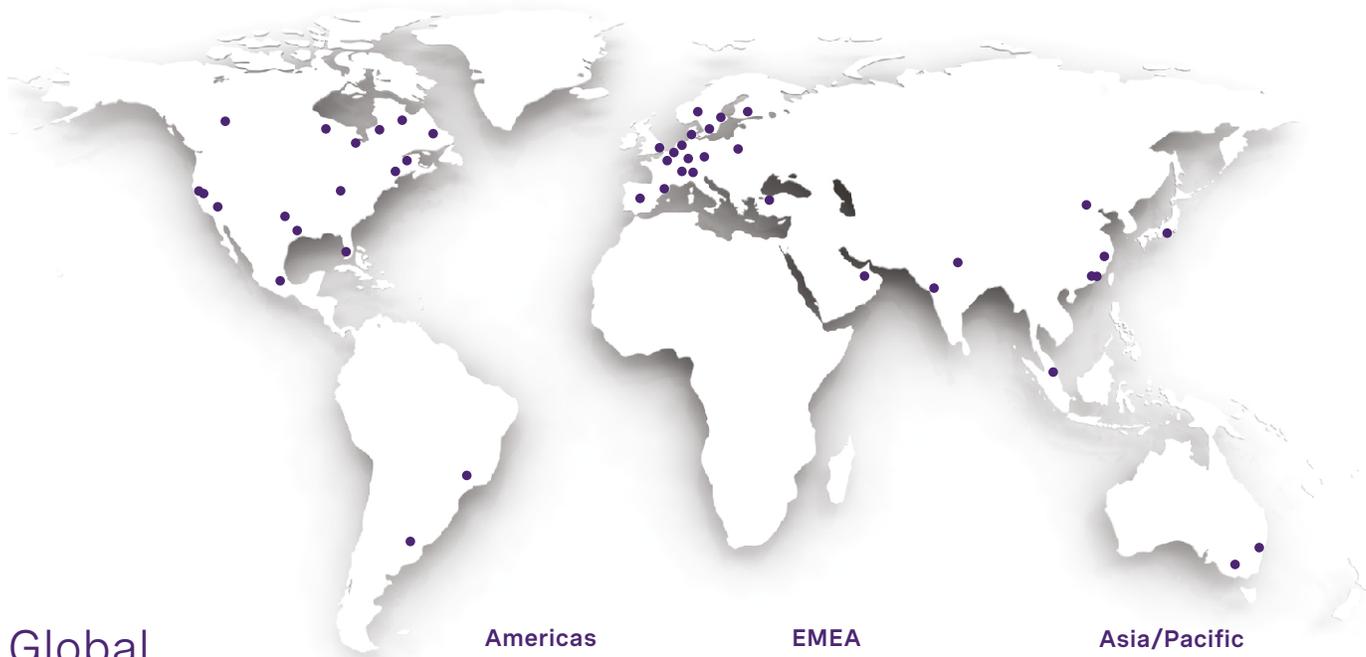
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About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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