

# Supply Chain Attracting— and Rewarding—MBAs

**More and more MBAs are being drawn to the supply chain arena. The reasons: opportunity, action, global engagements—and the money isn't bad, either.**

By Michèle Barnett Berg and Corey Billington



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Mention that you're completing an MBA program and until recently your listeners would probably have assumed you were going into consulting or headed for a job on Wall Street.

Today they could be wrong. Although the latest studies show that banking, other financial sectors, and consultancy still exert the greatest pull on newly minted business-administration graduates, a substantial contingent are heading toward industrial roles.<sup>1</sup> In particular, strong empirical evidence suggests that more and more MBAs are being lured to jobs in supply chain and procurement functions.

The trend is quite evident here at IMD, the global business school in Lausanne, Switzerland. "In 2007, the interest level in procurement and supply chain jobs tripled from four years earlier, and the number of jobs taken in these functions has continuously increased," observed Katty Ooms Suter, director of IMD's MBA admissions and career services. "The interest level can perhaps be attributed to a better understanding that these jobs offer plenty of career growth and can lead to executive-level roles."

In the past, most business schools focused their curricula on strategy, finance and marketing with little emphasis on operations activities, including procurement and supply chain. The MBA programs that have focused on procurement, logistics, and supply chain have seen a steady increase in popularity. As a result, those

schools have been challenged to expand their faculty rosters fast enough, and have looked—with some success—at recruiting new faculty from industry. Co-author Corey Billington is a case in point: he joined IMD in 2005 as professor of procurement and operations management after serving as vice president of supply chain services at Hewlett-Packard, where he managed procurement and central engineering. Similarly, Joseph Sandor, formerly the top procurement and logistics officer at Sara Lee, joined Michigan State in 2006 as a supply management professor at the university's Eli Broad College of Business.

Statistics on MBAs' placements in supply chain and procurement jobs are impressive, with the majority of these schools indicating that their graduates have multiple offers with competitive salaries. MBAs taking these types of jobs can expect to earn salaries equivalent to (and in a few cases higher than) those of their counterparts in other functions. Exhibit 1 shows the numbers from two schools we studied with well-regarded programs, Arizona State University and Michigan State University.

At the same time, graduates entering the supply chain arena can often benefit from faster career advances, with less competition. This is highly attractive to ambitious MBA graduates, and is quite likely to be a different experience from that of their peers in fields such as management consulting, investment banking or marketing where an MBA degree is common. There are also tantalizing glimpses of new paths to the CEO's office—paths traditionally coming out of marketing, finance or sales functions.

Executive search consultants are alert to the MBAs' moves toward operations jobs. "Jobs in the supply chain and procurement functions are gaining momentum and better visibility, although the function is nowhere near its tipping point," says Heidi Hoffman, co-global leader of the supply chain practice at Russell Reynolds Associates. "MBAs have a huge opportunity to be part of an area that has become a critical piece of the organization, where costs can be 60 to 70 percent of overall product cost." Other recruiters point to the allure of supply chain work itself. "With all the changes in the function, it remains full of new and interesting challenges, unlike sales, where the function has remained much the same," says William Fello, a senior client partner who leads Korn/Ferry's supply chain practice.

Hoffman of the Russell Reynolds' company sees the need for more broad-based thinkers in the supply chain field. "The job has become a strategic liaison. The person must be the diplomatic negotiator who can source and secure goods and materials. Even MBAs coming from different industries and functions have an opportunity to enter the field since the skills needed are cross-functional and transferable."

Practitioners share her opinion. Luc Volatier, former chief procurement officer of food products company Numico, views MBAs as invaluable for helping organizations deal with the new complexities in global supply chains. "The tasks are no longer about squeezing costs; they're about delivering to the bottom line and bringing innovation to the organization," he says. Adds Malcolm Harrison, Nestlé's head of purchas-

ing: "Understanding how to manage internally and externally and handling the diplomacy on both sides is the key to success in this function."

When Volatier is looking for new hires, MBAs are highly attractive, but they must meet his top four criteria. They have to have impeccable integrity—everything above board all the time, with full disclosure and transparency. They have to be smart, with proven analytical thinking to handle the complexities of the position. He wants people who are passionate, and who will inspire others. And his picks must be outstanding communicators, able to build relationships, be highly diplomatic and handle negotiations astutely.

### Moving Forward, Going Global

What a difference a decade makes. The profession has been transformed from the days when it was seen by most business leaders as having minimal business impact to today, when its potential for value creation and competitive advantage are quite obvious.

As the impact of globalization continues to affect procurement and supply chain organizations and as business issues become more and more complex, we see a need for higher levels of skills in communication, analytical thinking, collaboration, and cross-functional interaction. It's exactly the kind of world that MBAs are trained for.

1 Financial Times 2008 ranking of full-time MBA programs <http://www.ft.com/businesseducation/mba>

View the full story at [www.scmr.com](http://www.scmr.com)

EXHIBIT 1

### MBA Salaries for ASU and MSU Class of 2006

