In today’s competitive environment, it only makes sense to advance women into senior leadership roles to fuel supply chain innovation, close the talent gap and improve business performance. Based on the “Women in Supply Chain Survey” from Gartner and AWESOME, progress is being made—but much more must be done.

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In recent years, company after company have launched initiatives to close the much discussed supply chain talent gap. After all, the supply chain has become an increasingly critical component of business strategy and business transformation, and the capabilities required for the future are very different from those required in the past. The ability to recruit, develop, retain and advance great leaders will put companies at a competitive advantage in their ability to innovate, create value for customers and improve supply chain performance.

A key to closing the gap is recognizing and unleashing the untapped potential of women in today’s supply chain. But, it’s not just women in the trenches at the line or supervisory level, but also the untapped potential of women in senior leadership roles. The results of our research indicates that while women make up 35% of the supply chain workforce, the representation of women at progressive levels of leadership drops precipitously and is only about 5% at the most senior levels. Yet, we know definitively that having more women in leadership roles fuels innovation as well as financial and operating performance. In today’s competitive environment, advancing women’s leadership in supply chain is a business imperative.

By Nancy Nix and Dana Stiffler
Gartner and AWESOME (Advancing Women’s Excellence in Supply Chain Operations, Management and Education) recently partnered on the “Women in Supply Chain Survey,” the first study designed to assess the current status of women leaders in supply chain and develop insights into initiatives that can improve their level of attraction, development, retention and advancement. The results of the study include foundational data about the status of women in supply chain that allows us to track progress, and provide insights about goals and initiatives that companies are putting in place to increase diversity in senior supply chain leadership roles.

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**Women’s leadership improves operational and financial performance.** Over the past several decades, the focus on women’s leadership has shifted dramatically. Discussions are no longer about fairness and equity, but are rather about the contribution women leaders can and do make to the operating and financial performance of a company. By bringing new perspectives about customer preferences, enhancing innovation, and building an inclusive environment to attract and retain talent, women leaders make a significant contribution to the competitiveness and success of a company.

Numerous studies have shown that companies with greater representation for women in senior roles experience better business outcomes. In a study of Fortune 500 companies, Catalyst found that companies with the highest representation of women in leadership positions experienced a 35% greater return on equity and 34% higher return to shareholders than those with the lowest representation. Fortune 500 companies with at least three women board directors experienced a 66% higher return on invested capital, a 42% higher return on sales and a 53% higher return on equity. The business case for the importance of advancing women leaders is clear.

**Creating customer value.** The impact on business results comes from several key factors. First, women leaders play an important role in understanding and addressing customer needs. Consider that roughly 50% of the population are women and 80% to 85% of all consumer decisions are made by women. It is logical that having a leadership team that reflects the diversity of markets served can provide new insights about consumer preferences and lead to greater opportunities to create customer value and stimulate business growth.

We are also seeing a growing number of women leaders in sourcing and procurement roles at major companies, and are hearing from B2B companies that increasingly the decision-makers in customers they are serving are women. Whether a company is consumer-facing or in a business-to-business environment, women leaders in supply chain can play an important role in understanding customer perspectives and strengthening customer relationships.

**Powering innovation.** In light of today’s dynamic markets, supply chain innovation is increasingly important as a differentiator. Customer demands for new products, better service and faster deliveries are forcing companies to adopt new technologies and develop new solutions at an accelerating rate. In this environment, women bring valuable perspectives and diversity of thought to the creative process. Inclusive leaders who value and encourage diversity enhance innovation.

To that end, research by the London School of Business concludes that when innovation is critical, the
optimal gender representation on teams is 50:50. Another study by the Center for Talent Innovation found a strong positive correlation between highly innovative and diverse companies and market growth. In other words, *diversity powers innovation that leads to business success.*

**Winning the war on talent**

Women leaders contribute in multiple ways to a company’s ability to recruit and retain much needed talent. A study by SCM World found that 75% of women and 64% of men think women’s natural skills differ from men—and 96% of women and 74% of men think that those different skills give women an advantage in supply chain management. Women tend to bring communication and collaboration skills that facilitate cross-functional and inter-firm integration, as well as the kind of big picture thinking that is so important to supply chain performance today. Why, then, is the industry’s track record of recruiting, developing, retaining and advancing women so poor?

The shortage of women in senior leadership positions means there are few role models for young women to look up to when considering a career in supply chain. There is also a clear link between an organization’s demonstrated value for diversity and the ability to recruit and retain diverse candidates. Clearly, having more women in senior leadership positions can influence the culture and reputation, or the supply chain career brand, of a company in ways that are critical to winning the war on talent.

In summary, the evidence is clear: Diversity matters at every level in an organization. Given the opportunities and challenges faced by supply chain organizations today and the continued shortage of talent at every level, advancing women’s leadership is no longer about fairness and equity, but rather has become a business imperative.

**Where are we today?**

So where are we today? The representation of women in supply chain organizations follows a similar pattern to what we see in other professional functions and in corporate leadership ladders the world over. On average, our respondents’ total supply chain workforce consists of 35% women. As we look at leadership positions and the relative progression into more senior roles in Figure 1, this percentage falls steadily, with the percentage of female executive-level CSCOs—leaders who report directly to the CEO—falling into the mid-single digits. Moving up the ladder, 30% of front-line supply chain managers are female, 26% of senior managers/directors, and 20% of VPs. Beyond the averages, other interesting data points emerged. For example, 38% of respondents reported no female VPs in supply chain.

While we see similar patterns across industry sectors, each also has special characteristics (Figure 2). Over a decade ago, leading CPG manufacturers started shifting toward more pull-based, consumer-centric supply chains, recognizing that women control 80% to 85% or more of consumer spend. Hiring and progressing more people who reflect the customer base was simply a good business decision. Today the consumer goods and retail sectors show a significantly higher incidence of female leaders at more senior levels, where 25% of VPs are female. Another industry where women account for most decision-making and spend at the consumer and patient level is healthcare, and indeed there is similar representation of women leaders up to the director level. For the next big jump however,
healthcare companies progress fewer women on average: Only 18% of VPs are female.

Industrial manufacturing (including process and discrete manufacturing) has the same stair step pattern, but with more challenges, notably starting out with fewer women at the beginning of the pipeline.

We believe this reflects a preference for hiring engineers. Women compose just 18% of undergraduate engineering populations compared to supply chain programs in business schools where women account for 40% of undergraduates. The key takeaway: when the front end of the talent pipeline is non-diverse, leadership at the end of the pipeline will be much less so. That said, we are seeing rumblings in industrial supply chain organizations that indicate that customer pressures, especially where the client CPO or CEO are female, may help to move the diversity and inclusion agenda along where internal leadership or progress has lagged.

**Barriers to progress**

Given the business case for diversity at all levels in a company, the questions are: Why have we not made more progress? What is getting in the way?

While much progress has been made to eliminate overtly discriminatory work practices, it is clear that institutional barriers still exist in most companies today. Long-held policies, practices, cultures and behaviors continue to give the advantages to men that enable them to advance at a rate greater than women. Many of these impediments are unconscious biases—but biases nonetheless.

**Unconscious biases.** A culture that values diversity and inclusion, where leaders are willing to confront and eliminate unconscious biases and insist that others do the same, is essential to achieving gender equity. Pew Research suggests that what’s holding women back from top jobs is not as much about a lack of capability or the desire to advance, but that there is still often a double standard: a requirement that women have to do more to prove themselves than men. Conversely (or perhaps it is cause and effect), women often don’t ask for the promotion or the job they want. Men are far more likely to apply for a job they want, even when they meet fewer of the qualifications, whereas women tend to apply only if they meet all of them. Whether this is lack of confidence in themselves, lack of confidence that the organization will give them the opportunity or the belief that if they just keep their heads down and do their jobs well, they will get noticed and tapped for promotion—the result is missed opportunity for career development and advancement.

Female managers also miss out on development opportunities because they are not recognized for their accomplishments or not offered a development opportunity as a result of unconscious bias on the part of decision makers. For example, decisions about career opportunities may still be influenced by the perception that a female leader with a family will not be willing to relocate let alone take on a global assignment, whereas the same logic is not applied to male candidates. Women also still have difficulty making their voices heard in meetings and find themselves being interrupted or their ideas usurped or ignored, thus their capabilities or potential as a leader may not be recognized. We also know that while men may be applauded for being strong leaders, strong women leaders still carry the stereotypes of being bossy or not very likable when they exhibit the same behaviors. These and other unconscious biases are often the major obstacle to advancing the optimal mix of women into senior leadership roles.

**Networking and sponsorship.** Because the large majority of senior leaders are predominantly men, women
often lack access to the informal networks that provide insights about organizational norms and connections to mentors and sponsors that can help them advance their careers. A sponsor may have visibility to opportunities that an individual cannot see for himself or herself, or may influence selection through advocacy of a particular candidate. The lack of sponsorship can be a significant disadvantage.

Exclusion from informal networks can also limit access to knowledge and relationships that can significantly affect job performance. Because of the cross-functional, enterprise-wide impact of supply chain roles, informal company-wide relationships are critical to driving innovation and change—both crucial to supply chain organizations today. Additionally, insights from across multiple functions are important inputs to planning for the future. Informal networking across boundaries is an important contributor to the success of any leader, but especially for supply chain leaders.

**Work-life balance.** Balancing work and family requirements continues to be a challenge for many women leaders. If policies and practices do not allow for continued contribution and development or provide some flexibility in light of family demands, companies face difficulties in retaining and advancing talented women. In many companies, a family leave to have children can still be detrimental to the ability of women leaders to move to top supply chain roles. And, as a result of the conscious and unconscious biases that still exist, having children is often viewed as an impediment when staffing decisions are made, thus limiting the development opportunities available to women.

Companies are now beginning to recognize the need for flexibility, but unless flexible assignments are encouraged for both men and women—and offer the opportunity for continued development and valuable contribution, such assignments may be counter-productive in terms of advancing women leaders. As one AWESOME panelist noted, “When we have family-friendly policies, they are supposed to be there for the whole organization. If they’re there on paper but are utilized only by women, that becomes an unconscious bias too.” Companies are beginning to realize that the integration of work and family is an important issue for upcoming leaders—and to see that it is an issue that does not belong exclusively to women.

**Is increasing the number of women leaders a goal for your supply chain organization?**

![Figure 3](https://www.scmr.com/static/images/32140/figure-3.png)

**Source:** Gartner

**What are companies doing?**

Once we identified foundational data and patterns in different organizations and sectors, we wanted to understand what supply chain leaders were doing in response. How many had specific goals? How many had specific initiatives? First, the goals:

**Exclusion from informal networks can also limit access to knowledge and relationships that can significantly affect job performance.**

47% of respondents said that they have specific or general goals to increase the number of women leaders in supply chain (Figure 3).

Once we determined which respondents had increased gender diversity in supply chain as a goal, we wanted to see how companies were going about achieving the goal. For example, is supply chain taking the lead or relying on HR?

When we look into the next level of detail for the respondents who had goals, 42% said that their supply chain organization has targeted initiatives...
to recruit, develop, retain and/or advance women (see Figure 4). Nearly as many (39%) said that they rely instead on their company’s enterprise-wide gender diversity initiatives.

Finally, we got to the heart of the matter: specific projects and initiatives, and whether they were or were not meeting goals. From the one in five respondents with specific activities underway, we collected data on 21 separate initiatives (Figure 5). They fell into roughly four categories.

- recruiting;
- leadership programs;
- internal networking groups, often referred to as employee resource groups (ERGs); and
- other (includes progression, pipelining and recognition).

Most initiatives listed are quite new, having been launched in the past year, and two-thirds have not yet met their goals. Internal networking groups and communities of interest (employee resource groups) for women in supply chain are popular but achieving hard goals via these groups can be challenging. We uncovered four women’s supply chain leadership programs that were fairly new, with one— the oldest, established in the fall of 2014—reporting positive, measurable benefits in recruiting and progression. Setting specific goals and then designing targeted initiatives to promote women is a new muscle for most supply chain organizations, but this initial research has uncovered bright spots that show good initial results.

What we’ve seen is that initiatives with specific goals and objectives—in this case recruiting, as well as integrated pipeline and succession planning—are more likely to result in better representation. Women’s networking groups and leadership development programs may be valuable complements to more targeted initiatives, but are resulting in less material change. Women’s networking groups are the most numerous and best-established supply chain inclusion initiatives, but are less likely to result in an increase in the number of women leaders. There is also some concern that separating people into groups does not lead to the inclusiveness that is the actual goal, and that it can be tempting to “check the box” once a networking group is established, obviating the need for additional direct action.

Looking to the future

The first Women in Supply Chain Survey uncovered some sobering data, as well some effective initiatives and practices. The challenge will be accelerating this activity to meet the aspirations of our survey respondents, who clearly expect a revolution to take place over the next five years. When we asked about the future, using the supply chain VP role as the measuring stick, respondents said that nearly one in three VPs will be a woman, a 60% increase from where we are today (Figure 6). When we strip out the very senior respondents of AWESOME to ask respondents who are coming from a more modest, current position what they expect to see in the future, they say the proportion of female supply chain VPs will more than double.

The challenge is that the necessary conditions are not in place to realize such ambitions, even among a survey sample that consisted mainly of AWESOME members, a population that skews senior and more active in their diversity and inclusion practices.

- Only 47% of respondents have the stated goal of increasing the number of female leaders in supply chain (16% have formal goals).
- Within that group, only 42% of those respondents have a planned initiative to do so that will be led by supply chain.

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**FIGURE 5**

**Planned SC initiatives to promote progression of women leaders**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting</td>
<td>4</td>
</tr>
<tr>
<td>Integrated progression and pipeline planning</td>
<td>2</td>
</tr>
<tr>
<td>Employee resource groups</td>
<td>5</td>
</tr>
<tr>
<td>Leadership programs</td>
<td>1</td>
</tr>
</tbody>
</table>

Goals not yet met | Met/meeting goals

Source: Gartner
The 40% of supply chain organizations who rely on enterprise-wide initiatives to meet their goal are likely to be disappointed: these respondents, nearly all of which are $10 billion+ companies, have significantly fewer women at every level in their supply chain organizations and have much further to go.

Female leaders of tomorrow
If we are to make significant progress in increasing the number of senior supply chain women leaders, several steps are required. First, organizations have to think bigger, set measurable and meaningful goals and put initiatives in place. Nobody ever reduced inventory without having a goal and a plan—why would people-related initiatives be any different? The only way ambitious future scenarios come to pass is with formal goals and targets on management scorecards and planned initiatives that support those goals (for example, changes in recruiting approaches, pipelining and new leadership programs). Second, institutional changes that create a culture of diversity and inclusion and also eliminate (or at least illuminate) unconscious biases must be embraced. Third, policies and practices that are obstacles to the development and advancement of diverse talent must be eliminated or changed.

If we grow the representation of female VPs within supply chain by double digits, it would represent meaningful progress and likely result in acceleration toward diversity goals. As more women rise to senior leadership positions, they can be important role models and leaders of change. However, real change and real progress will only occur if senior leaders, both men and women, address the problem as they would any other critical business issue—by making it a priority, setting targets and holding leaders accountable for results.

About our research
Gartner and AWESOME (see sidebar) surveyed 125 supply chain professionals in 112 unique enterprises about goals and initiatives to improve attraction, development, retention and advancement of women. We also collected baseline data on how many women are in front-line manager, senior manager/director, vice president and executive-level roles within supply chain organizations.

Another goal for this survey was to identify practices that are increasing the engagement with and success of women in supply chain organizations. This is important for supply chain leaders for two reasons: (1) women make up more than 50% of the professional workforce in most developed markets, and, therefore, represent untapped potential in the “war for talent”; and (2) research studies show that diverse teams are more innovative and perform better.