



RISE

of the

Chief Customer Demand Officer

The case for merging the roles of the CIO and CSCO



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Foreword

As organisations digitise their operations and transform to become customer-centric, some traditional C-suite roles reflecting previous organisational silos may no longer be relevant.

Nowhere is this more evident than in the overlap between IT and supply chain.

To create the ultimate competitive advantage – an agile supply chain capable of responding to customer needs – CIOs and Chief Supply Chain Officers (CSCOs) are increasingly having to work in partnership. Right now, both roles hold responsibility for vital elements required to meet customer demand and support the customer experience.

If organisations were structured directly in line with customer demand, the role of the CIO and CSCO will eventually merge. In future, we will see the rise of a new C-suite position – perhaps the ‘Chief Customer Demand Officer’ with responsibility for both IT and Supply Chain?

This is not as far-fetched as it sounds.

Supply chain is typically where organisations have invested the most in emerging technologies – especially in robotics, artificial intelligence (AI) and the Internet of Things (IoT). Supply chain has also been first to develop the capabilities required to manage digitised processes.

Although these workforce changes began in manufacturing and logistics, they are now extending throughout the enterprise, placing the CSCO in just as strong a position to influence the digital skillset of the organisation as the CIO.

This paper discusses why a merged CIO/CSCO position may be needed, how both the CSCO and CIO roles have evolved and the characteristics of the executives who could fulfil a joint role.

We hope it sparks new conversations about how organisational structures can better reflect the customer-centric position companies are seeking to attain.

Iain Wilson

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Why it makes sense to merge responsibility for IT and Supply Chain

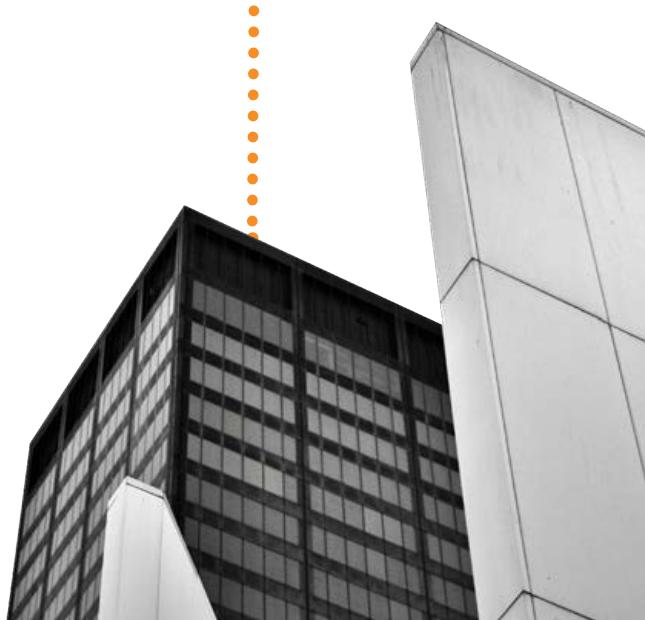
The pandemic has created huge swings in demand and consumer behaviour. Demand volatility is through the roof and purchasing has shifted from physical stores to online channels. In this environment, digitisation has been hugely elevated. Retail has made the leap to ecommerce, with winners offering same day or next day delivery, thanks to high levels of supply chain connectivity and automation.

In this post-COVID world, CIOs and CSCOs have, arguably, become the most important positions in the executive suite. With consumers changing their shopping habits and borders opening and closing, for many companies having an agile digital supply chain has become the top competitive advantage.



In this environment, CSCOs need to continuously predict demand and automatically adjust product allocations across every channel. They must integrate warehouse and transportation processes to enable same-day or even one-hour shipments.

CIOs play an essential role in helping CSCOs meet the myriad of challenges associated with this requirement, managing the complex information flows – and, in turn, the product, work and financial flows – essential to support today's highly volatile and variable supply chains.



Digital supply chains depend highly on emerging technologies

Smart supply chains require quality, reliable data flows between thousands of entities, including suppliers, service providers, contract manufacturers and customers. Not to forget the numerous other entities; financial institutions, government bodies, including regulatory agencies, and import and export tax authorities.

CSCOs need a robust digital infrastructure to connect all these parties in an extended supply chain via integrated transactions and collaborative platforms. With greater interconnectivity, supply chain participants can be more involved in decisions related to exception management and less encumbered by day-to-day tactics. Collaborative platforms can support shared analysis and enable more rapid, in-stream decision making.

But creating the quality data flows required to provide integrated real-time information for immediate decision making is immensely complex. Factor in common disruptions such as unexpected stock-outs, delayed deliveries from suppliers or problems with bad weather. As well as more serious events such as pandemics, and the magnitude of the challenge is evident.

For the last few years, CSCOs have increasingly needed to partner with CIOs to address these challenges. Those who've succeeded are now presiding over automated, instrumented supply chains that can sense and respond in real time. Infused with sensors, AI and machine learning, smart automation is enabling inventories to count themselves. Pallets and cases can monitor their own whereabouts and customers can trigger a replenishment signal whenever they make a purchase.

AI and machine learning are also enabling:

- Predictive demand and dynamic sourcing
- Probability-adjusted risk management
- Globally integrated and virtually optimised information, product work and financial flows

And this is just the start, as we can see in IDC's predictions, supply chains will increasingly rely on emerging technologies, requiring even more technology smarts in the supply chain role in the coming years.

IDC's worldwide supply chain predictions

Each year, IDC Manufacturing Insights offers its top predictions and underlying drivers expected to impact IT investments in the supply chain. For the second consecutive year, digital transformation was the key overriding theme in its annual 10 predictions.



Prediction 1:

By 2022, firms will dedicate 35% of their logistics business process outsourcing services budget to process automation, focusing on order, inventory and shipment tracking.

Prediction 2:

By 2023, supply chain micro-application extensions will account for one-third of all new technology investments in manufacturing and retail.

Prediction 3:

By 2023, 65% of warehousing activities will use robots and situational data analytics to enable storage optimization, increasing capacity by over 20% and cutting work order processing time in half.

Prediction 4:

To lessen stress on the service supply chain, by 2023, 25% of OEMs will leverage blockchain to source spare parts, improving accuracy of usable parts by 60% and lowering expedite costs by 45%.

Prediction 5:

- By 2023, 60% of G2000 manufacturers will invest in AI-infused robotic process automation to automate tasks through increased productivity and address supply chain skills deficit.

Prediction 6:

- By 2024, 75% of all consumer-facing companies will have developed the ability to customize at scale within their supply chains, resulting in, on average, a 2–3 percentage point increase in market share.

Prediction 7:

- By 2022, the number of companies offering flexible warehousing options will have increased by 50%, which can help address seasonal demand challenges and lower fixed overhead costs by over 20%.

Prediction 8:

- By 2024, 75% of all consumer-facing companies will have developed the ability to customize at scale within their supply chains, resulting in, on average, a 2–3 percentage point increase in market share.

Evolution to a revenue generating, customer-facing role

Both the CIO and CSCO positions have evolved on a parallel track. The roles emerged at around the same time, 40 years ago, starting as mid-level operational resource allocators. Fast forward four decades and the best in both roles have become executive entrepreneurs, with equal servings of technical and business skills and a laser focus on growing revenue and improving customer outcomes.

So important are these roles that, after decades of Sales or Finance executives transitioning to the CEO role, it will soon be the turn of CIOs and CSCOs. We're used to seeing former CIOs and CSCOs leading technology companies, notably Tim Cook's rise to CEO at Apple after he streamlined supply chain operations while serving as Senior Vice President of Worldwide Operations. In the coming years, CIOs and CSCOs will be natural candidates for the top job in many industries as technology and supply chain become ever more critical elements of business success.

Chief Supply Chain Officers

Few positions have undergone as thorough a transformation as that of the CSCO, with the last decade seeing particularly significant transformation.

In the '80s, consumer products companies were among the first to establish the CSCO role, when supply chain management started looking further at the logistics of the inbound flow, from producing or sourcing raw materials through to integrating manufacturing and production with the outbound flow to the consumer. As consumers embraced online shopping and direct delivery, consumer products companies needed to retool their supply chains with the speed, visibility, and flexibility necessary to serve multiple channels consistently and effectively.

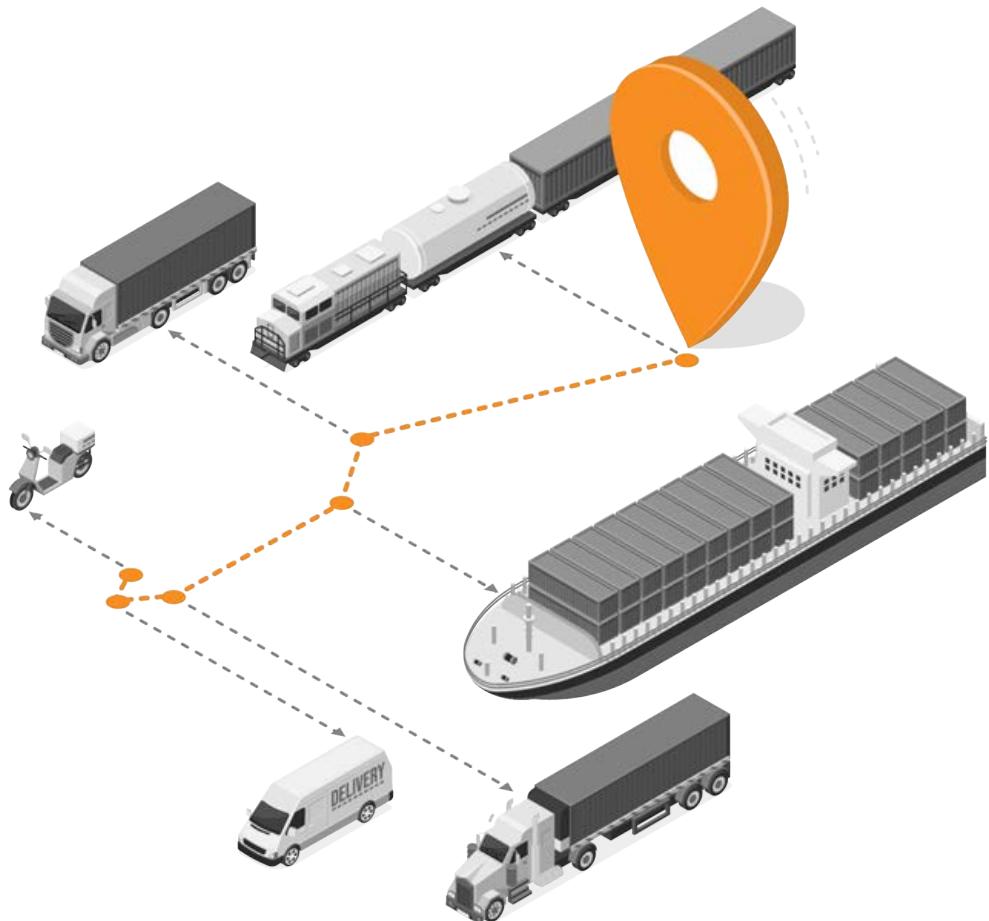
In the '90s, the emergence of e-commerce transfigured supply chains to a demand-driven world. Customers and consumers were empowered as never before, forcing supply chain managers to adopt an end-to-end philosophy, from suppliers to businesses to end users directly. Customer focus became an inherent element of supply chain operations.

In the 21st century, supply chain management became truly globalised, with digital technology bridging gaps between producers and purchasers and smoothing geographical divides as supply chains began to transcend national boundaries.

By this stage, manufacturers especially needed someone in the executive suite to be responsible for all the extended supply chain processes, from product innovation to product delivery. That level of leadership was particularly important as manufacturers grappled with the new drivers of the extended supply chain, customer demand for:

- Omnichannel interactions, making the supply chain more complex
- Individualised products, requiring the supply chain to be faster, smarter and more flexible

According to APQC's survey on supply chain priorities for 2020 , the CSCo's focus was on supply chain planning, sourcing and procurement, and innovation. Within each of these areas, they are prioritising technology and process improvement to improve supply chain resilience, respond quickly to changes in customer demand and support the customer experience.



Chief Information Officers

Much like the CSCO, the CIO role also emerged in the '80s and grew in stature, mirroring the increase in technology's strategic importance in business operations. As desktop computers replaced centralised data processing centre, CIOs evolved to be more manager and less technician; more strategist and less data processor.

By the turn of the century, the cross-functional nature of the role continued to expand, now including, not just managing upstream vendors and suppliers and downstream internal users – but interactions with customers themselves.

Once focused almost entirely on selecting and managing technology solutions, the CIO's responsibilities eventually shifted to charting a digital strategy that changes how companies reach and interact with customers.

The shift in focus from internal operations to strategic business objectives is largely driven by a new emphasis on mobile technology, usability, the cloud, and increased connectivity with existing and new customers. Software can tell us more about what customers want and how they behave, and digital tools can put brand in front of users in almost any environment where they work and live.

In this context, the CIO is now responsible for defining how to bring the business to the consumer. In a world increasingly reliant upon consumer application interfaces, mobile connectivity, and cloud delivery models, that means retooling elements of the business to make it usable wherever and whenever customers choose to engage. It also means understanding customer demographics and behaviours and implementing solutions that reflect how different segments engage with the technology.

In 2020, according to recent research by Flexera , digital transformation was top of mind among CIOs as companies rush to reengineer their IT environments for the digital marketplace. What's driving this headlong rush into digital transformation? Customer experience. A massive 93% of survey participants cite customer experience as the top priority in their digital transformation efforts. The next three priorities cited – improving existing products/services, new products/services and growing new markets – are also customer-centric.

Common elements of the CIO and CSCO roles

	CIO	CSCO
Customer focus	✓	✓
Digital transformation	✓	✓
Strategy development	✓	✓
Risk management	✓	✓
Emerging technologies	✓	✓
Executive leadership and vision	✓	✓

Meet the new Chief Customer Demand Officer

Historically, CIOs and CSIOs have had deep technical expertise but lacked the emotional intelligence and visionary qualities – story telling, strategic thinking, high-level communication skills – to sell strategy to the board and investors or get buy-in for a vision and strategic direction from the business.

As the leader of both IT and supply chain, the Chief Customer Demand Officer (CCDO) will need:

Emotional intelligence. The CCDO will understand and recognise their own emotions and those of others. They will be:

Self Aware

01 Honest with themselves, accepting and harnessing their strengths, weaknesses, desires, and shortcomings. They will recognise how their emotions and actions affect themselves and other people, as well as the performance of their jobs. They will understand their own emotional triggers and know when to take a step back, realise how they are feeling and act in a controlled and effective manner.

Self-Regulating

02 Able to control their impulses, staying calm and not overreacting to mistakes. They will take the time to think and reflect on a difficult situation or missed opportunity to uncover their own errors or those of others. They will value their current commitments, set boundaries and confidently saying ‘no’ when needed.

Empathetic (up to a point)

03 Able to build relationships and gain the trust of clients, team members and fellow executives. Quick to understand new cultures and business environments. Adept at avoiding conflict and misunderstandings and fostering trust and strong relationships. However, the CCDO will not be so empathetic that they get caught up in and derailed by other people’s strong emotional responses or problems. They will understand a person’s situation but not actually feel their emotions.

Influential

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Comfortable speaking with people at all levels, from talking shop with coders or loading dock operators to discussing strategy with corporate investors and boards. CCDOs function like an orchestra leader who can motivate and move teams to deliver.

Socially Adept

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Able to ‘oil the wheels’ to manage relationships and achieve goals. Skilled at understanding people, developing relationships and influencing others to accomplish objectives. The CCDO will build bridges with colleagues, vendors and other organisations. They will see their company as part of a network in which they can leverage skills and capabilities of business partners – and will be ready and able to form alliances.

The mindset of a CEO. The CCDO must be true a leader, with a solid understanding of their organisation’s strengths and weaknesses. They must be flexible and adaptable. The CCDO must be open minded and nimble. They will understand that change is constant and rapid, and reject a rigid structure.

Analytical expertise. CCDOs must be able to quickly interpret vast amounts of data and make strategic decisions to keep the business competitive. They must demonstrate a solid understanding of the scope and scale of data from multiple, diverse channels and act intelligently on these data.

Continue the conversation

What are your thoughts on this? I’m always interested to hear people’s opinion on the role of the CIO and CSCO.

About Oculus International

For over 10 years, Oculus International has provided Executive Search services in ANZ and Asia. This has allowed us to focus on delivering C-suite talent across 8 countries in the region. Our vast network and resources continue to be a strength of Oculus to drive strategic change for our customers.

Due to this success, our clients have pushed us to offer additional recruitment services; we now have established practices specialising within Interim Management, Technology, Supply Chain, Sales and Marketing, delivering roles across all levels within these highly specialised functions.

Our Mantra

In a world of uncertainty and disruption, attracting and retaining the best talent with high levels of emotional intelligence is key.

Our desire is to understand our client's strategy from an evolutionary perspective combined with truly understanding the personality and values. This enables us to identify the best talent that culturally aligns to the leader and organisation, producing ideal and long-term solutions for our clients. We do this quickly, with no compromise on quality, ensuring transparency every step of the way.

Our network is comprised of authentic, skilled and like-minded professionals who seek to connect with people with great hearts and minds. Oculus plays a vital role in enabling these connections.

Oculus International currently has offices in Sydney, Singapore and Vietnam.

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