

# KEY BEHAVIORAL INDICATORS AND SUPPLY CHAIN ORIENTATION

Every year DILF and researchers from the Department of Entrepreneurship and Relationship Management at SDU in Kolding conduct a number of mini surveys focusing on various supply chain management issues.

The respondents to these mini-surveys are voluntary senior managers from various Danish companies represented as the Danish Supply Chain Panel. This article presents the results of mini survey focusing on Key Behavioural Indicators and supply chain orientation.

## INTRODUCTION

In comprehensive academic supply chain management (SCM) literature, there has been raised a demand to focus more towards human aspects in the study of various supply chain phenomenon (Schorsch et al., 2017; Wieland et al., 2016). It is argued that the literature is too focused on what is labeled the “hard-wiring” of supply chain which primarily concern technology, systems and structures at the expense of the “soft-wiring” - the people dimension (Sweeney, 2013). We often see that SCM issues are concerned with 10 % technique and 90 % human being (Stentoft et al, 2016; Williams, 2016).

This article is concerned with a new concept within the SCM literature that focuses on Key Behavioral Indicators (KBIs) (Stentoft et al., 2018). It is concerned about a particular focus on the desired behavior by people operating in internal and external business processes. KBIs focus on good and proper behavior, supported by the values on which your company is built (Stentoft et al., 2019a). KBIs should be seen as a complement to the traditional Key Performance Indicators (KPIs). KBIs focus on the specific behavioral measures that should be considered to strengthen the individuals and team performance.

In other words, a focus on the KBIs can enhance the fulfillment of KPIs. KBIs can be found at three levels (Stentoft et al., 2019b):

- The individual level (e.g. change behavior to be more fact driven in decisions; follow up agreements)
- The dyadic level (between two persons) (e.g. respect for each other priorities and personality characteristics; some must think before answering while other provides more impulse-driven answers)
- The team level (e.g. follow the process as agreed; attend meetings on time; have the right tone in communication; try to solve problems instead of escalating to conflict)

The respondents have been asked their opinion about applying ‘Key Behavioral Indicators’ in their supply chains. Figure 1 shows that the relevance of KBIs obtain an average of 3.78 on a 5-point Likert Scale indicating a perceived relevance (where 1= to a very low degree and 5 = to a very high degree).

When asked to what degree there is a focus on KBIs today the average decline to 2.97. One reason might be that KBIs is a new term in an SCM context. Another reason can be that behavioral elements has not been the focus in the supply chain which recent academic papers also points out (Schorsch et al., 2017; Wieland et al., 2016).

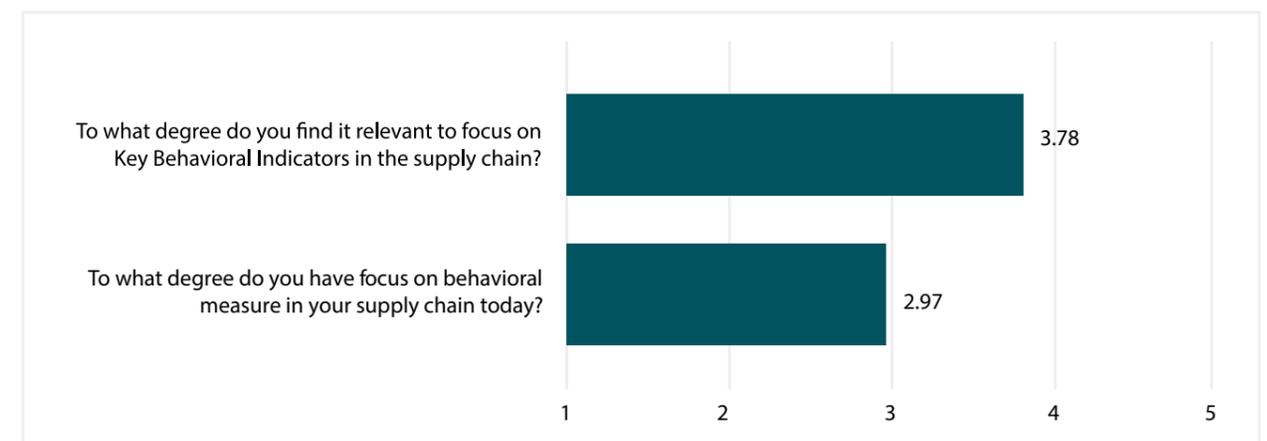


Figure 1: Relevance and practice of Key Behavioral Indicators in general

### Key Behavioral Indicators

The supply chain panel members have been asked to evaluate a number of specific KBIs for their relevance and actual practice based on a five-point Likert scale. Figure 2 shows the averages values of eight KBIs. The top five highest relevance (averages from 4.00 to 3.68) are “people communicate in a proper tone”, “people are prepared for the meetings”, “people attend scheduled meetings”, “people are mentally present during the meetings” and “people work as agreed in the process”.

A general observation is that the perceived relevance obtains higher averages than the perceived practice which indicate rooms for improvements. The highest gap is for “people are prepared for the meetings” with a gap of 0.81(3.95-3.14). This result witness a need to focus on meeting efficiency. A recent Sales & Operation Planning project (Stentoft et al., 2019) has also focused on meeting efficiency and has suggested KBIs to improve this performance.

Simple initiatives such as one that leads the meeting; one that makes the minutes of meeting, and one that ensures to keep the agenda points has helped several of the companies being part of this project. A large gap (0,7; 3,92 – 3,22) is also present for “people are mentally present during the meetings” which also shows a need for an improved meeting culture.

The respondents have also been asked to suggest other KBIs than those presented in Figure 2. They have been asked to evaluate both KBIs deemed important internally in their companies and externally with partners. Table 1 provides a brief summary of some of these suggestions.

The examples in Table 1 can be divided according to the before-mentioned three levels of KBIs. Some of the KBIs are relevant at the individual level; some are relevant between two persons and some are relevant in a team.

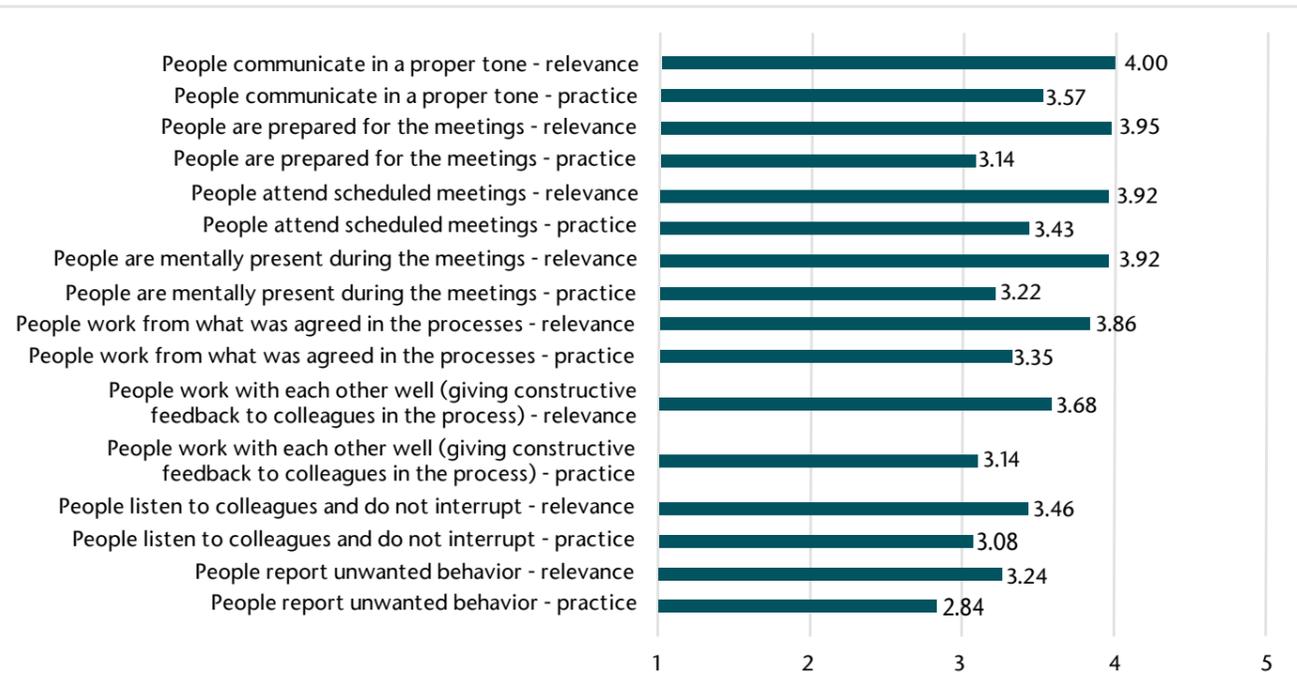


Figure 2. Relevance and practice of specific Key Behavioral Indicators

Internally oriented KBI's	Externally oriented KBI's
<ul style="list-style-type: none"> <li>• Involvement of the right roles at the right time in process</li> <li>• Safety behavior</li> <li>• Respect</li> <li>• Execution</li> <li>• Provide proper feedback on performance</li> <li>• Proper communication</li> <li>• Keep what is promised</li> <li>• Proper tone</li> <li>• Constructive feedback culture</li> <li>• Accountability</li> <li>• Proactiveness</li> <li>• Meeting discipline</li> <li>• Prepare for meetings</li> <li>• Prepared and mentally present in meetings</li> <li>• Cancel meetings if not relevant</li> <li>• Process compliance</li> <li>• Sharing information</li> <li>• Cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Proactively communication of delays</li> <li>• Information flow</li> <li>• Communication</li> <li>• Safety and enviroment</li> <li>• Open-minded behavior</li> <li>• Keep a proper and constructive tone</li> <li>• Timely communication</li> <li>• Reliability</li> <li>• Show the good example to business partners</li> <li>• Collaborative</li> <li>• Attend scheduled meetings, work according to agreed process</li> <li>• Delivery performance</li> <li>• Respect</li> <li>• People are prepared for the meetings</li> <li>• Process compliance</li> <li>• Mutual improvement</li> <li>• Cooperation</li> <li>• Listening to each other</li> <li>• Answer within 24 hours (8 working hours)</li> <li>• Honesty</li> </ul>

Table 1: Examples of internally and externally oriented KBIs suggested by the panel members

### Barriers for Key Behavioral Indicators

The supply chain panel has also been asked to reflect on an open question regarding what they perceive as being barriers for implementing KBIs in their companies.

Table 2 includes important perceived barriers that one may consider if KBIs are planned to be implemented. An important aspect of KBIs is that they may be difficult to follow up as they not measurable to the same degree as KPIs. KBIs are more subjective and might be evaluated orally with some time-intervals.

Another important point is the administration and time-consumption of the KBIs. This task can be recommended to be carried out by the HR staff.

- Administration time and follow up time used
- Difficult to measure
- Culture
- To make them measurable
- Fixed mindset
- Difficult to measure
- It is a change management task - needs to be on the corporate agenda
- Time to focus
- Subjective measure
- The measurement of KBIs; it will administratively require a lot for it to be accurate. You need to update a log for every meeting in reality
- Lack of commitment
- Lack of data
- We have enough KPI's; KBI's would be another set of measurements to prepare and evaluate each month
- Priorities

Table 1: Barriers for implementing Key Behavioral Indicators

## Supply chain orientation

Supply chain orientation is concerned with a company's recognition of the systemic, strategic implications of the activities and processes involved in managing the various flows in a supply chain" (Mentzer et al., 2001).

Supply chain orientation is a concept that applies a single company perspective. It is pivotal for effective SCM since it focuses on processes that cut across the functional silos within the company (Esper et al., 2010). Supply chain orientation is not only a matter of the supply chain staff but also the other functions since they daily do activities that affect the supply chain (Trent, 2004). Research has found that supply chain orientation is critical to fulfilling customer requirements, i.e. a company's efforts to work with supply chain partners will not pay off if the company does not supply chain-oriented (Min et al., 2007). Silo mentality could also be an outcome of a lack of supply chain orientation.

Figure 3 shows that the respondents do perceive that they acknowledge having the right supply chain talents on board with an average of 3.47 on a 5-point Likert scale. However, in time with a shortage of supply chain talent, it is somewhat surprising that this average not is higher. The

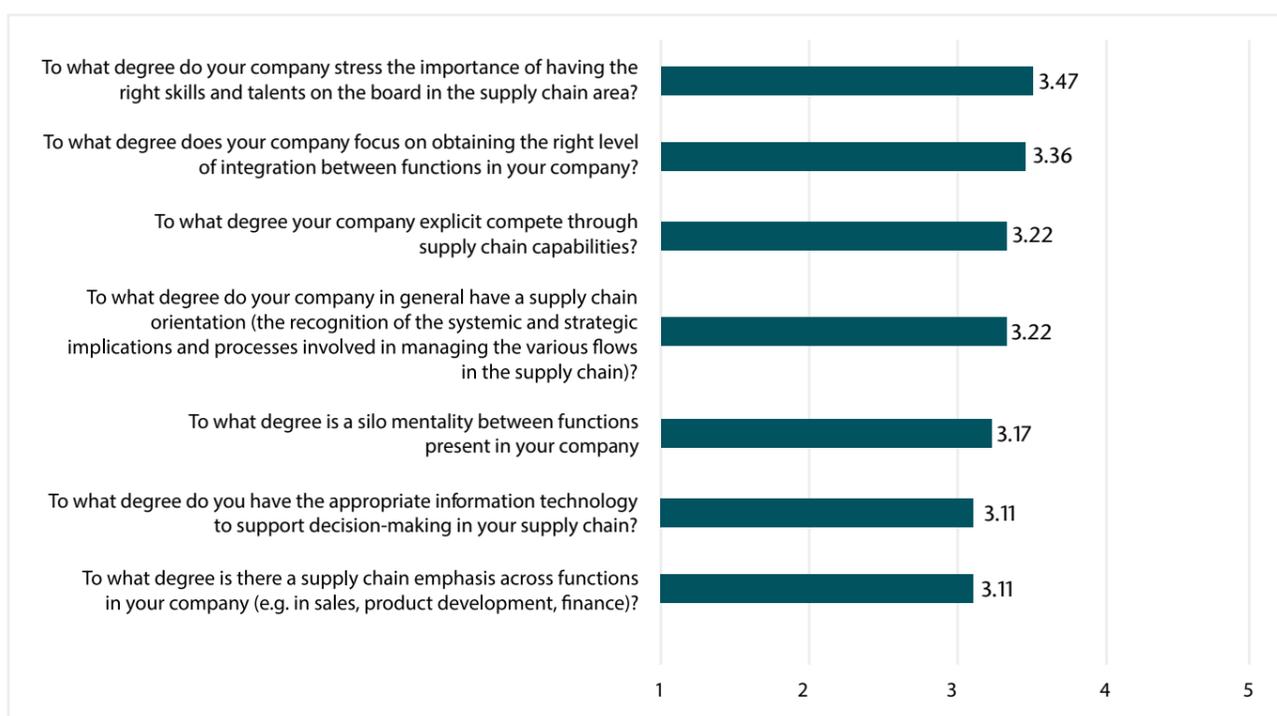
integration efforts are also surprising low with an average of 3,36 and a perceived supply chain orientation at 3.22. These data reveal that there is some potential to make improvements towards higher internal integration and to tear down the silo mentality. Data about to which degree there is a supply chain emphasis across functions in the companies points only to an average of 3.11.

## Conclusion

This article has focused on a new phenomenon in the SCM literature which is concerned with KBIs and a supplement to the traditional KPIs. The KBIs remind us that in order to fulfill the KPIs work it needs to be carried out by people that have different behaviors.

Data from this mini-survey reveal that the respondents find a focus on KBIs relevant; however, they also admit that their current practice is at a lower level than wanted. The respondents have provided a number of perceived barriers one must overcome if they are present and if one would like to begin working with KBIs.

As with other topics, and the implementation of KBIs will benefit from top management support and a conscious and persistent focus on the change process. It takes time to change behavior.



5 Figure 3: Supply chain orientation capabilities

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