

BD: Investing in future supply chain leaders

We follow how the medical technology giant structured its development program to generate seasoned managers and collaborative decision-makers. If you're looking to grow top-notch supply chain talent you may want to pay attention.

BY MAIDA NAPOLITANO,
CONTRIBUTING EDITOR

Finding effective supply chain leaders is a challenge. Above and beyond smarts and great people skills, today's professionals need to be innovative, collaborative, influential, metrics-driven, tech-savvy, fair, and inspiring. They must possess a true understanding of the supply chain as a collection of interdependent functions—not as silos of operations—that must work together to ultimately give the company a competitive advantage.

It's a challenge that's taken very seriously by global medical technology leader Becton Dickinson and Company (BD) and its supply chain



Left to right: Larry Smith, vice president for global supply chain; Mary Groskin, supply chain development associate; Devin Maguire, supply chain project manager; Ewald Parolari, senior director for supply chain operations.

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organization. Ranked third by analyst firm Gartner in its annual *Healthcare Supply Chain Top 25* for two years in a row, BD's supply chain has always made every effort to find and develop the best talent to lead its operations at all levels.

One such initiative is the company's Supply Chain Development Program (SCDP). The mission of the SCDP is to specifically enhance BD's leadership base by recruiting entry-level associates who aspire to become future supply chain leaders. This two year rotational program is designed to offer leadership development and valuable hands-on work experience to associates in an environment where they can rotate through the different departments and functions within BD's supply chain group.

Only the very best candidates who demonstrate strong interest in the

better understanding and feel for how these functions all fit together."

Over the next few pages, we'll follow how BD structures its development program to generate seasoned managers and decision-makers who can one day drive capabilities for collaboration and develop innovative solutions for the efficient delivery of product to customers. If you're looking for good talent for your supply chain, it's best to pay attention.

How it started

Rotational development programs are not unique, and many Fortune 500 corporations offer similar types of programs. "This has been a proven way to bring new talent into a company," explains Smith. "In fact, within BD, manufacturing, IT, HR, and procurement all have similar, but separate rotational development programs.

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supply chain are selected from graduates of some of the top supply chain management university programs in the country.

"These college graduates enter BD with a 'theoretical' understanding of the supply chain," says Ewald Parolari, BD's senior director for supply chain operations and one of the founders of the program. "By the time they come out of the development program, they've got the theoretical and the real world melded together, and they are providing great ideas because they're looking at the supply chain from different perspectives compared to those who have been in only one position for their entire career."

Larry Smith, BD's vice president for global supply chain and co-founder of this program, agrees. "We want people who can think holistically across that whole supply chain continuum—from taking the order to delivery. What better way to do it than to spend the time and actually work in other parts of the supply chain where they can get a much

However, we collaborate and share best practices across all the programs."

It wasn't until 2004 that a development program that was specific to the supply chain was formally established at BD in partnership with two major universities—Penn State and Rutgers. These institutions offer undergraduate degrees in supply chain with course offerings in logistics, transportation management, and project management.

"Recently, we also started working with Rider University in New Jersey," adds Smith. "Their program is relatively new, but BD, along with several other locally based companies, is helping Rider develop a curriculum for new supply chain undergraduate degree programs. Supporting local universities is something we encourage."

In 2005, both Smith and Parolari wanted to take the development of these entry-level associates to the next level. "We wanted to give them a broader, quicker assimilation across the whole supply chain so that they

would be more valuable not only to themselves, but also more valuable to BD," explains Smith. They began structuring a formal program that would have participants rotating through four or five different functions of the supply chain.

The group had always hired several interns for two months in the summer and one or two students for six-month co-op programs. These interns and co-op associates now became feeders into this newly established supply chain development program. "If you do very well in the internship or co-op program, it typically leads to a supply chain development position," explains Parolari.

In 2008, they also put together a supply chain competency model for each of the major functional areas. From entry-level to the VP level, a list of competencies was developed, tracking the expertise and knowledge level required to reach the required competency. Managers use an assessment model to work with associates to help them understand what development areas they need to focus on to be more successful and further their career goals.

"There are currently eight associates who are either enrolled or are graduates of the program within BD," reports Parolari. "Typically two or three are added every year." Following successful completion, program associates can then apply and interview for traditional full-time positions within the supply chain group.

How it works

BD sends teams of people during each university's recruiting periods to interview for the internships and co-op programs. Because BD is looking to hire only the best of the best for this program, it is highly selective. A bachelor's degree in Supply Chain Management or Industrial Engineering is preferred, along with a high GPA and previous internship experience.

BD's supply chain project manager, Devin Maguire, who completed the program in 2010 and now actively participates in the recruitment process, strongly emphasizes the importance of working well with others. "You are

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spending six months in five different rotations. You're going to be working with a number of different people, and you must be able to communicate and work well as part of a team."

Once selected, the participants follow a very structured program. "What we try to do is follow the exact flow of a product as it moves through the supply chain," says Parolari. "So you start in customer service, distribution, transportation, then either the master data area or the planning area with the businesses." For each function, not only are associates exposed to transactional, day-to-day operations, and systems, but they also take on continuous improvement projects.

The customer service rotation offers associates an introduction into BD's product offerings and customers. Mary Groskin, a supply chain development

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associate who just recently completed the program, went through a four-month rotation in customer service. "It helped me gain product knowledge as well as acquire an introduction into our SAP system and how it supports order management," she says.

The distribution rotation exposes associates to BD's distribution centers (DCs) and fulfillment operations. With BD opening a new East Coast DC in North Carolina during his rotation, Maguire had plenty to do—from rack labeling projects to systems testing: "We

had to test SAP and make sure that it was seamlessly running with our WMS."

The transportation rotation allows associates to conduct day-to-day transportation planning with its transportation management system (TMS). Groskin planned domestic shipments and learned how to resolve transportation-related issues. "I also completed a truckload consolidation project where I investigated LTL shipments to find consolidation opportunities," she says. "Additionally, I worked on improving ocean carrier selection strategies."

BD's other management tool: LMS

Ewald Parolari, Becton Dickinson's Senior Director of Supply Chain Operations, shares how his leadership team leverages the LMS (Labor Management System) to manage day-to-day operations and drive efficiencies into BD's supply chain.

Logistics Management (LM): What made BD decide to install LMS in all three of its largest DCs?

Ewald Parolari: In 2006, our third party logistics (3PL) partner, Genco ATC, approached us on the benefits of LMS. That meeting generated multiple discussions between Genco and BD on how we can use LMS to improve productivity while proving continuous improvement project savings. LMS would also give us "eyes" into our 3PL's labor and enable us to challenge, quite frankly, the productivity levels at all three of the DCs. Genco also agreed to pay for the systems and set up a gain-share type of deal. So, any productivity savings that the LMS would drive would be used to help pay for the systems. In two of the DCs, we paid it off in two years—in the other one we paid it off in less than three years.

LM: How important is the LMS in managing the DCs?

Parolari: In my opinion, LMS is mandatory in order to run an efficient and effective DC. Without LMS, we would have no idea where our productivity levels are and it would be difficult for us to know how we were doing. It's also at the crux of a number of programs that we are currently running here at BD.

LM: How are you currently using your LMS?

Parolari: We use LMS in a variety of ways. For planning and budgeting, LMS helps determine how much direct and indirect labor we need at each step of the operation. It allows us to benchmark throughputs against industry standards. If we drive a 3 percent productivity improvement or a business anticipates a 5 percent increase in volume, the LMS can help determine the impact on the budget so we can do some effective planning.

For day-to-day operations management,

it allows the real-time capacity planning of daily workloads, including the shifting of labor between functions. It can track current productivity to see if an

operation is running close to standards. We can better manage temp workforce for surge capacity. It also tracks nonproductive time—which we challenge our 3PL to reduce on an annual basis.

LMS also drives the analysis for our continuous improvement (CI) projects. One of our CI projects is our cost-to-serve program. In conjunction with LMS, this program allows us to

determine the cost to move a case for Customer A versus Customer B. It identifies less profitable customers so we can initiate programs that will drive productivity and improve profitability. Without some kind of tool to actually analyze the variations in volumes, we wouldn't know what the cost implications would be.



Ewald Parolari

—Maida Napolitano, Contributing Editor

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The planning rotation allows associates to interact with managers from other businesses. Under BD Diagnostics’ Preanalytical Systems unit, Maguire performed demand planning for the company’s manufacturing plant and also worked on creating a seasonal forecast model for products. In the BD Medical Surgical Systems unit, Groskin reduced the demand variability at BD’s manufacturing plants.

Silver lining

According to Smith, associates who have completed the program have been so highly regarded that they often get other offers from within the rest of BD.

“These are people who have been well trained and are obviously the top students coming out of college, so it’s natural that other groups in BD want

them,” says Smith. “We have become a net exporter of talent to the rest of the organization, which is quite positive. But we can’t afford to share everyone. We need to keep some of the talent here to make sure we are always meeting or exceeding the needs of our customers.”

Parolari certainly agrees. “While it makes it a little more challenging for us, it has actually become a benefit when we talk to the businesses who hired some of our associates. It makes communication and collaboration between both groups a lot easier because they already know our issues as they have spent time in the supply chain.”

Through their exposure to the different groups, Maguire and Groskin saw themselves networking and building relationships. “The various groups appreciated what we did for them,” says

Maguire. “Now as project managers, when we need a deliverable from them, it’s easier for us to collaborate.”

Looking to the future

As the company continues to grow around the world, Smith says BD intends to continue to grow the program. “We’ve had discussions with our supply chain leaders in Asia, Latin America, and Europe about how to establish similar programs there.”

“There’s no doubt in my mind that many of these associates who completed the program will eventually be holding high-level management positions,” says Parolari. “They’re already better decision makers, and they understand what the impact is going to be on customer service or downstream on transportation. It’s no longer a silo, it’s more holistic business decision making.”

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