

## **2019 January Edition**

### **Markus Sagolla, Chief Procurement Officer**

**Company: Mibelle Group**

#### **1. How and when did procurement & supply become your passion and career choice?**

After graduating from university, I started my career in the logistics and transportation industry with a mid-sized family-owned logistics service provider (Simon Hegele). After 5 years I joined Kuehne + Nagel in Switzerland. Despite the fact I have enjoyed working there, I always had a feeling that something is missing. Partially it was due to the fact that when you work for a service provider, you usually touch just part of the value chain with many inputs missing, like demand and supply planning, customer order management and others. That is the major reason why I have decided to change the side of the table and join the shippers' world with my next employment at Franke Kitchen Systems Group. Due to the size of spend, many companies have not looked at logistics systematically and that is a journey that helped me to bridge my competences with the procurement world later in my career when I joined SAB Miller. I always look at procurement from an end-to-end supply chain angle, and it is exciting to be a member of a function that actually makes and moves things from an idea into a finished product delivered to our customers or end consumers. Another aspect is the impact you can make with your decisions for the performance of the whole business.

#### **2. What is on your agenda today? What takes most of your time currently?**

We are busy with creating a winning team through setting up an above-market procurement organization (vs a more localized procurement function in the past). My ambition is to create a group function that will be a true value enabler rather than a typical corporate overhead. It is also a quite exciting journey and learning curve for me due to a fact that the Mibelle Group belongs to the Migros Group, which is a cooperative. It is a different way of working compared to other corporations due to a fantastic and unique culture, that is mostly bottom-up driven. Migros and therefore the Mibelle Group really 'belongs to the people' and that creates an interesting spirit and position of the CPO role.

#### **3. What makes you proud of your team? What is the success story you would like to share with the international procurement community?**

For me it is very simple – we ensured that our production lines did not stop despite all supply disruptions and material shortages faced on global chemical markets over past months. I am proud of my team who developed quite advanced skills related to proactive risk management, thanks to a very close connection with the supply market. And despite the fact we are a relatively small buyer, we could ensure volume allocations and sustainable supply. But this would not be possible without our ability to implement strong partnership models with our suppliers.

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#### **4. How do you see the CPO role evolving next 3-5 years?**

I believe there are three major targets that always will stay with a CPO. First, maintaining adequate cost level for materials and services. Second is the ability to maintain sustainable supply flows to keep business running. Lastly, developing and co-leading the innovation pipeline. Certainly, I am not ignoring digitization that is disrupting conventional business models, but at the same moment I prefer to put more emphasis on volatility and uncertainty that will, in my eyes, increase moving forward. The CPOs' ability to help the company navigating in a VUCA environment will be a value activator itself.



#### **5. Where should Procurement report in the organization in order to enable sustainable performance?**

Reporting lines do not define success of the procurement function and its destiny. Independent if you report to the CFO, COO or CEO, at the end it is up to you, if the function delivers the value for the business. For example, at the Mibelle Group we tend to say and act based on the mindset that organizational chart should follow the objectives and business need you are working to address. And, finally, your ability to deliver often doesn't depend on reporting lines, but to the access to spends and budgets. In my case, there is a strong request to look at both aspects of the business, bottom and top-line opportunities.

#### **6. After centralized category management, could client-partnership move procurement back towards functions and business units?**

Well, I have a clear view on that. First, our internal customer should not care about the ways we are organized. Second, the trends of the organizational design are continuously changing back and forward, but that is a reason why we should not be concerned about it at all. What the real focus should be is making sure, that our objectives are fully aligned and integrated with the ones of our business partners. Procurement should not stay as something separate in the organization and do something autonomous as this is a direct path towards disaster and disappointment. As an example, I want to have the packaging buyer to sit together with packaging engineer, speaking his or her language. And that is a reason why it is sometimes better to hire professionals, who were not their whole life in procurement, but in a specific knowledge domain be it engineering, operations and so on.

#### **7. In what ways do you see procurement's effectiveness being improved by digitalization (AI, robotics, analytics, connectivity)?**

Smart spend management and control of supply flows are certainly going to make our life easier and more reliable for supply management community, but at the same moment it is hard to predict how procurement technology will evolve in nearest future, due to a fact, that many solutions just have been launched and need more time to mature. It also will depend on the industries, because some of them still need to get and master the basics of procurement excellence before even switching to any sophisticated agenda; an example can be the whole master data topic that is still a pain point in many organizations.

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## 8. What would be your one piece of advice to the future procurement leaders?

Well, my advice would go to the whole supply chain family members, not just procurement professionals: be transparent as we are working in a connecting function. Be a humble leader as it makes easier for people to work with you and be consistent in the story that you are telling internally and externally.

## 10. What differentiation does Switzerland offer as a place to do business?

The number of experts that we have in this country in almost all business areas is enormous, and incomparable to any other country I know. Next to that, the infrastructure: it just works! Let's also not forget the geographical location in the heart of Europe, that perfectly positions Switzerland to deal with business not only in Europe, but also with Middle East and Africa.

Company portrait:

**The Mibelle Group** is the umbrella brand for the Migros companies Mibelle AG in Buchs, Switzerland, Mifa AG in Frenkendorf, Switzerland, Mibelle Ltd in Great Britain and Ondal France S.A.R.L in France. The Group, which is part of M-Industry, is the third-ranked own-brand manufacturer in the European market and employs around 1'200 people.

As a full-service provider for the production of own brands, the Mibelle Group is active in three fields of business: Personal Care, Home Care and Nutrition. The Mibelle Group is also committed to development and marketing of exclusive brands in the cosmetics sector through Mibelle Group Brands. As an independently operating area of business, Mibelle Group Biochemistry specialises in research into and development of actives for cosmetic applications and enjoys an outstanding reputation in the global cosmetics industry.

The above CPO interview is part of a series of management-level insights from Swiss-based global procurement leaders. Switzerland is home to some of the most successful multi-national companies and non-government organizations. CIPS Switzerland uniquely engages with them and offers our community best-practice events, workshops and networking opportunities. More info via:

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