

CPO interview with Douglas Else-Jack (Head of Supply Management at Hitachi Zosen Inova AG, Dec'2017)

1. Why is procurement your passion and career choice?

Well, by nature I am curious and have always preferred to be a generalist as it is a best way to maintain wide perspective on different disciplines and topics. During my university and post graduate years I have tried myself in different areas, but there was no single one that could have such a broad exposure as procurement does - the choice was quite obvious. It is fun, it does not like to be restricted and you have to apply different skills, including the ones I have developed while obtaining degrees in economics, law and engineering sciences.

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

I am a member of the Management Committee and as we are project management oriented organisation, for me it is highly important that daily activities are running smoothly to ensure we meet the timelines, proactively address associated risks and keep our clients satisfied. But that does not come naturally, that is why I invest a serious portion of my time to develop procurement team, improve process maturity and create the supply models that would enable creation of meaningful partnerships with our suppliers to unlock innovation potential and additional value for the business, communities and society.

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

Our journey itself. When I came to the company, it was tactical sourcing organisation with very low level of trust and confidence in its capabilities to create value for the internal stakeholders. There was no clear strategy or roadmap to enable procurement enhancement to drive its further evolution. So, I used my first hundred days to set clear direction and objectives. Later our team defined and aligned key procurement processes, including principles of stakeholder engagement and supplier contracting. We have rolled-out category management and built internal infrastructure to support pragmatic decision making, enabled spend transparency and P2P integration. I still remember the time hardcoding in-house software with couple of colleagues to have reliable solution for e-RFx and we are still utilising this tool today.

Interesting is that procurement pushed for the environmental agenda few years earlier before our company developed any kind of the sustainability policy. We started working with our value stream partners focusing on CO2 emissions going down their food chain. Our supply networks had a perfect readiness for the new policy and we were also happy to share our experience and insights with all involved functions across Hitachi Zosen Inova.

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

I do not see it changing in terms of the key basic elements: cost control and risk mitigation. But I do believe that we should focus more on a real value creation, shifting our mind-set and acquiring new skills into transform the role into true value chain orchestrator capable driving ecosystem engineering with tangible benefits for all its participants.



5. Do you think procurement is facing identity crisis? How this can be resolved?

What identity crisis? Procurement existed thousand years ago and likely to continue its successful march into the future. Indeed, it has transformed itself from buying simple things to delivering complex solutions. Historically we have successfully evolved from buyers mind-set into strong sales individuals. We have to work internally and externally to pitch our ideas and get innovative solutions. And I see this in my daily work. Many of my team members are being requested to work on different project assignments by our end users or partners not because of the fact that they been allocated to work on particular initiative at very beginning, but because the great work they are doing that proves their competences, selling the solutions and creating strong networks that enable performance.

6. Where should Procurement report in the organization in order to enable sustainable performance?

It depends entirely on the organisation. I have worked for companies where procurement reported to CEO's, CFO's, COO's or their direct reports. The key differentiator was not the reporting lines, but senior leader's commitment to promote the function, its active sponsorship and interest to develop it further. And, usually, this is exactly what enables it becoming a successful function.

7. Indirects is a hot topic in many organisations, but should indirect procurement go back into the client functions?

I do not think there is one size fits all. It depends on so many factors you have to consider before making decision on the procurement model. My view is that procurement should be centrally led. Indeed, it can apply business partner principles to place procurement person closer to the end users or specifiers, but reporting lines and process accountability should be functionally maintained.

8. From your perspective, which Procurement roles will be replaced by Artificial Intelligence?

I see it as opportunity for procurement professionals rather than a threat. Yes, it will change the way we do our work, but it also creates a much more positive context - it is going to release our time and energy to innovate within procurement, explore new levers of value for our users and clients, learn new skills and procurement professionals will benefit in this journey. What we have to make sure is we are deeply involved in the AI design, we should not leave the matter to the IT / Consultancy crowd, otherwise we'll get similar low quality processes and systems as we've seen in the past.

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

Move on and keep big picture in mind - it is very easy to get short-term focused and lose the view of horizon. Do not limit yourself, keep things simple and ensure there is transparency. I try to live and act based on very simple credo: ``you are as good as your team.`` And you?

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

Because the basic things are working properly here the country has created a strong business environment that makes it attractive place for multi-national companies to move headquarters and to effectively operate on a global scale. Its education system and universities are famous across a world, continuously deliver strong pool of the highly skilled individuals to the international labour market. And let`s not forget about country`s multi-cultural background and its openness makes Switzerland a very attractive place for professionals with diverse background and unique skills.

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:

<https://www.cips.org/en/community/branches/branchlisting/switzerland/>.