

CPO interview with Willem Mutsaerts (Chief Procurement Officer at Givaudan International SA, Nov'2017)

1. Why is procurement your passion and career choice?

With more than 25 years of work and dedication to the same company I've had the chance of getting exposed to different roles across many geographies and functions. I started my career with Givaudan in charge of sales for the Benelux. After two years in Paris managing international accounts I was sent to Singapore to be in charge of customer relationships in Asia. After 8 successful years in the commercial sector, I moved to our HQ in Switzerland and had the opportunity to drive procurement of fragrance raw materials on a global scale. This turned out to be only temporary as I was then asked to lead the EAME region in charge of Sales & Development from 2001. After a major acquisition in 2007, I headed Global Operations of Fragrance Manufacturing and in 2015 was invited by the Board to lead the procurement function as Chief Procurement Officer. To make a long story short if it had been a choice from the beginning it was certainly a strange way to get there, but today it's definitely a passion. I really enjoy the journey together with all my team members, and in procurement within Givaudan, you can make a real impact. We buy over 10.000 raw materials from 3000 suppliers. Every day is different and on a daily basis you have to work with internal and external stakeholders across the globe.

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

Our key objective is to align the function to the company's business objectives. I inherited a procurement model that was built around supply markets. In 2015 I set a new direction, to connect the procurement function across all levels of the organisation. This was to ensure that procurement is involved and engaged with from product development through all the stages of commercialisation and delivery to our clients. In a few areas we faced some disconnection between our customer and our supply bases, low levels of procurement maturity and the way relationships have been managed. To ensure that we move and address key issues in a systematic way, and are able to communicate effectively, I have developed a new strategy focussed on creating value for the organisation by proactively managing costs and risks, by enabling collaborative innovation with our suppliers and driving responsible sourcing. In all those four areas we ensure excellence and differentiation through talent development, start-of-the art systems and business intelligence.

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

After two years I can say that our strategy works in real life. With all efforts invested by our team, the procurement function receives strong recognition from our business partners and increasingly we are invited to all key decisions and discussions. We are successfully shaping our maturity from version 1.0 which focused solely on price to version 4.0 that is utilising big data, leveraging digital processes and tools, enabling meaningful partnerships to address top line challenges, and sustainability topics. We are developing new forms of managing supply risks through predictive analytics, especially for the ingredients that are exposed to unpredictable natural factors like weather, crop etc. Our objectives are fully aligned with the company's 2020 vision that sets the tone on how we lead our raw materials sourcing from over 100 countries in a most responsible and sustainable manner. I am also honoured to represent the voice of procurement as a member of the Givaudan Executive Committee. This is an important aspect that allows us to maintain a holistic view on our business priorities to steer procurement's focus towards meaningful objectives.



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

There are a few aspects to consider. A CPO should ensure that things work according to their roadmap and vision. Once the basics are right, their focus should be shifting more towards risk and supply management. Businesses are highly vulnerable to the availability of raw materials and uncertainty is likely to increase in future. A second critical aspect for a CPO is to continue efforts related to explaining to the rest of organisation procurement's role and the value it can add for the business if we work more closely together.

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

Yes, it can be the case depending on how you look at it. In most companies, procurement is perceived as just a support function. This is neither good or bad, as it is just how you manage expectations. Sometimes it is even better to accept this fact and focus more on delivering sustainable bottom line results. However used properly, procurement can bring added value for internal and external stakeholders. So, it is critical to position it in the right way and that you are able to tell a meaningful story for your activity.

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

To be frank, I do not think that reporting lines really define the destiny of procurement in a business. It certainly helps when the CPO is a member of the Executive Committee, as it is in my case. But my experience shows that the real enabler is not to whom the function reports to, but if it gets proper attention inside the company, so you can successfully steer it and develop it further.

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

Indirect within Givaudan is about 40% of the procurement spend and we have approximately 14000 suppliers. Our indirect spend covers all categories that are not raw materials. I certainly agree that the procurement function should be very closely collaborating with internal clients and ensure its model is tailored to serve the business needs in a most efficient and productive way. For example, with raw materials it's critical to be closely linked to the business to be recognised and create added value. Depending on the indirect category, the approach will be global, regional or local. Category managers who fully own their categories and work in cross functional teams with the business owners will be able to deliver added value. I lean towards centrally lead procurement, but with a presence in the local markets.

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

I would not see it in a negative light but more as an opportunity. AI is certainly a key enabler that can make the function much stronger and mature. We witness it here at Givaudan. We are embracing AI and big data to develop complex algorithms in order to build predictive models and analytics. We have automatised many of our processes enabling us to achieve maximum transparency, reduce transactional complexity and improve the performance of our people. But, be careful it requires a lot of dedication and commitment to have your house in order. By taking baby steps, having the basics right and phasing-in, AI elements, this will be a key formula for success to stay ahead of competition.

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

Achieve maximum transparency and make sure you tell the right story across all levels of your organisation.

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

It is a great country and location. It is not just easy to make a business here, but Switzerland also provides access to a solid pool of talented professionals, infrastructure and its geographical position enables optimal logistics for companies and individuals.

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