

## **CPO interview with Wolfgang Rauch (Chief Procurement Officer, Feb'2018)**

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

I have not always considered procurement as a career path. I was inspired by scientific and technical jobs, dreamed about becoming a chemist or even a jet pilot. But my professional life developed differently. I started a commercial apprenticeship in a mid-size company based in Germany and one day we got several emergencies in the procurement department. I was asked to join the supply management team and, indeed, that was the starting point of my successful career in the discipline that became a lifelong passion.

I have to admit that before that moment, I always thought that procurement was about dealing with boring topics and I am happy that it turned into an exciting and fascinating journey with project and change management initiatives on a regional and global scale, post-merger & acquisition integrations, functional turnarounds and, what I most appreciate, leading passionate teams of procurement professionals.

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

Well, we all know that what got us to today will not get us into the future. This is the motto that continuously reminds me of one key question: how to stay relevant for the business as a function in three, five years from now? What we should focus on? With this in mind, we have launched the Procurement 2022 agenda under the theme of being bold and relevant for our business stakeholders.

We aim to continue being deeply integrated into the business, to have clear understanding of the business priorities and continuously play the role of the business strategic advisor, helping it in achieving its priorities and solving problems in all kinds of areas.

How does digital shape our agenda, how do we generate more insights into the wealth of data we have, how do we partner with the best capabilities in the market and completely move away from tactical relationships to strategic ones?

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

We've got the right skills and capabilities to become true business partners and to achieve the optimal agility of the team. Over the last 3 years we consolidated procurement as part of Novartis Business Services, leveraging skills and the scale of the organization, building global category organizations and strategic centres in 5 locations all over the world.

One of the biggest success stories to share is that we do have a seat at the table on all functional and/or finance leadership teams and we have the ability to run programs across the corporation that are sponsored by the executive committee and even have their direct involvement.

And... we have created a culture where team members are not afraid, but are highly encouraged to say `no` to things and tasks that are not important for the business and our internal customers.



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

I think that CPOs should focus on three major areas. First, they should drive a mind-set of business partnering, sitting on functional leadership teams, understanding business imperatives and acting as strategic advisors.

The second aspect is making sure that the organisation works with the right external partners, who are capable to not just bring productivity to and through the business, but also are capable of activating top line growth through innovation. Such relationships should have strategic plans that are co-owned, and incentives in place to maximize the results from the relationships.

As I have mentioned earlier, the third focus should be on partnering with the best external capabilities in areas where we may not be the experts.

But there is also something unique coming. CPOs are perfectly positioned to design and implement new operating models, that would open new channels of innovation by collaborating with start-ups. Leveraging agile mind-sets, helping the company to develop a healthy risk appetite and steering it towards controlled pilot projects might completely reshape its ecosystem and the operating model on a long run.

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

I noticed that sometimes people are a bit too obsessed with this topic. The world has changed requiring us to adapt and it is not anymore about reporting lines, but about direct participation in the decision making process regarding budgets and spend, while being fully integrated into business structures. Most companies have become so complex and agile in their organizations that reporting lines do not really matter and good managers have to find their way through complex matrix worlds.

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

Well, hopefully we are fully integrated into the functions with strong business partnering. How we are organized and operating behind the business partnering organization is not relevant for the functions that we support, as long as we support their business priorities.

The operating model of the centralized procurement function should be maintained, but the performance management approach has to change. Functional objectives, procurement business partner objectives should directly mirror those of the business. And it works!

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

I think we are still early in the process of understanding which benefits digital will bring. One of the areas that I expect most benefits will come from is smart analytics that will help generate insights into our spend data to drive best business decisions.

It also will make the buying process much more intuitive for the end users, where machines will find the right products you need to buy without too much effort from your side. Other areas, like end-to-end order to pay processes, can probably be automated to a large degree as we design a true end-process and single ownership.

I also believe that we could benefit in the area of 3rd party risk management, as digitalization should allow us to automate a lot and benefit from being connected to the right data insights and create better visibility about what is happening in the outside world.

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

Focus only on what is most relevant and important for the business. The best performance feedback you can get is when you stakeholders can say that you have delivered a contribution to their business success!

Regarding everything else, think if you need to do it at all or find somebody who does it better. At the end, everything is up to us and we own our destiny of becoming a valuable business partner.

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

It's easy to attract talent from around the world here since it is a wonderful country to work and live. The most important and most powerful aspect of Switzerland is the fact that it offers many opportunities to work for great companies across highly diverse range of industries.

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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