

Transcript Episode 11

Supply Chain Management on the way to a full value-add orchestrator

Moderator: Thomas Holzner, Guest: Dr. Klaus Staubitzer

Intro: The DigiPodcast – Digital trends in Supply Chain Management

Thomas Holzner

Hello and welcome to our DigiPodcast. I am Thomas Holzner from Siemens SCM DigiNetwork with the DigiPodcast. A Podcast on digital and innovative topics from procurement in the future. Digitalization is becoming increasingly important for every company. At Siemens in particular, digitalization is a fundamental element for success. But how is digitalization practiced at Siemens Supply Chain Management, what do we focus on? The aspect of digital transformation and innovation is particularly close to our hearts. In our podcast we highlight different aspects and share best practices with various digital experts and listen to their stories.

Siemens has a double-digit billion euro purchasing volume, is working together with approximately around 100,000 suppliers and has several thousand employees across the globe. This is quite huge, isn't it? For this episode I have a very special guest: Klaus Staubitzer, our Siemens Chief Procurement Officer. He is covering these challenges and a lot more. What exactly – we will find out in today's episode. Hello Klaus, nice to have you here.

Klaus Staubitzer

Hi Thomas, nice having me here in your podcast, very nice.

Thomas Holzner

Thanks that you could take the time. Klaus, I'm aware that you are focusing to transform our cross-cutting unit to a value-add orchestrator. Could you please explain what's behind a value-add orchestrator?

Klaus Staubitzer

It's not me who wants to transform the organization to a value-add orchestrator. It's the whole team. I'd like to take you to a few years back. We had in 2017/2018 a discussion: How do we transform the organization forward? And for that we invited a lot of external consultants, a lot of internal guys to give us their input how do we move, how do we transform the functioning going forward. And it turned out the old story that you use in procurement and supply chain as a pure cost-cutter, will not make the trick for the future. If you have, as you said already, such a huge purchasing volume, you have such a huge punch into the market, you have to think about how you can contribute as an added value more than just material productivity or our famous CNI. That was the initial point where we thought about, what could be an additional value for the business. And an additional value for the business could be of course ensure the availability as you can see at the moment very intensively. We are also pretty clear that aside from availability, the quality of all the products and services we buy from our suppliers are very relevant. And the innovation power of our suppliers could really make a difference. That was the point to say ok let's start and transform the function from a pure cost-cutter focus to the value-add orchestrator.

Thomas Holzner

That's a massive change. And when I think about 2017, quite long time ago. But also looking at the external benchmarks, you were one of the first guys who started this journey. And in between this journey there was a pandemic. And based on the newspapers and some internal information, Siemens managed the pandemic quite well. Are there due to the circumstances any changes planned?

Klaus Staubitzer

That's a very interesting question, you know why? Because I got this question several times. Not only from the internal organization, but also from outside. But let me go back to this transformation process. As I said already, the transformation process from this pure cost-cutter to the value-add orchestrator. There is one big lever we have to use, and we have to adopt: it's the digitalization of our processes. And luckily, we started the digitalization journey of our processes already in 2017. So, what does it mean for the situation during the pandemic? We were already pretty good prepared regarding transparency of our processes. And this transparency was one of the success factors to manage the pandemic situation pretty good. We had nearly no line stops, and we were able to serve our people with a lot of things like masks and other protection equipment. And at the very end there were three major criteria which allow us to deliver this performance. One is of course this transparency as I said already. The second part was our global presence. And the most important thing is the expertise of our people and the trust in our global network. And these three things together allowed us to manage the last 16-18 months at this high level of performance.

Thomas Holzner

I think that sounds quite impressive and what do you have in your mind for the future in Supply Chain Management, especially in the digital age as you already touched on a little bit.

Klaus Staubitzer

Yeah, I mean digitalization, as you rightfully said, digitalization is one of the biggest levers, we have to use to make our transformation process happen. But digitalization is not a value per se. Digitalization is also not a threat. Digitalization is an opportunity to make things happen. And we all together have to find a way to use digitalization as an opportunity to make our life easier. To make it happen, that people use digitalization as a lever to change their area of responsibility and how they work and how they use and make it efficient and make it more powerful. And therefore, digitalization is nothing you can send out from a top-down perspective as a masterplan, which we typically did in the past. It is something we have to roll-out on a bottom-up approach through the entire organization on a global base. This gives us the opportunity to use the worldwide expertise of our people and really find the right solution and tools to make our life easier.

Thomas Holzner

I think that's a valid and important fact, that you emphasize now on this relation to transformation, people, global network. So, if I would be now a CPO of another DAX company, or midsize company, would you have some hints for a CPO what he or she could do to also go into this journey, to start the journey of a value-add orchestrator?

Klaus Staubitzer

I got that question in the last months several times from external parties. And I always say, it's pretty easy to copy power point slides, but it is not so easy to copy the mindset, the expertise and the collaboration trust of the people. And this is the real secret of every transformation process. You have to empower; you have to motivate the people. And this is the recommendation that I always give to others: Take care of the people. You have to motivate the people, that they have the buy-in and see this transformation process as an opportunity and not as a threat. And this is the key issue.

Thomas Holzner

So, thanks Klaus for this very positive statement: It's an opportunity not a thread. It's a nice challenge. And now some insights from Siemens, because I had the pleasure to work together with Klaus for a quite long time in the meantime. He's a role-model. When you think about the pandemic, he was the first guy who had his camera always on. He is also the person who asks in meetings, the first question: 'What about your family business?' So, family is most important.

Or thirdly, he is always well prepared. So, not like me, killing every agenda, he is always on time. And on top of this, when you consider now the strategic priorities of Siemens for the future Growth Mindset, Empowered People – Klaus started this journey already 2017. With this mindset that he's, say, telling us, he is also 'walking the talk'. So, this leads me now to the - from my point of view - most interesting question and it's last but not least: Who is Klaus Staubitzer?

Klaus Staubitzer

laughs Klaus Staubitzer you mean in my private life?

Thomas Holzner

Yes, in your private life.

Klaus Staubitzer

I'm not so much apart from Klaus Staubitzer in the business life. I mean I like to do sports with my family and with friends. I like skiing and other things and that's the activity where I can recharge my battery. Go out with your friends, have fun, doing something physically doing some sports. That's the thing I really like the most.

Thomas Holzner

Thanks, Klaus for your great insights! It was a pleasure and an honor to have you as a guest. And I hope for you as my listeners you also enjoyed this episode of our DigiPodcast. If you have any questions about the SCM DigiNetwork and especially Siemens SCM, don't hesitate, reach out to our internet page: [siemens.com/diginetwork](https://www.siemens.com/diginetwork). I'm looking forward having you as a listener to our next episode. Yours, Thomas Holzner from the Siemens SCM DigiNetwork. Goodbye.

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