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Daniel Helmig
Global Head Supply Chain
Management at ABB

“We are moving
to virtual centres
of expertise”

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One year ago global technology company ABB launched the second stage of its Next Level Strategy. This is a huge company-wide transformation that will put more focus on its customer offering as it aims to become leaner, faster and more agile. To help achieve its goal it cut its regions from eight to three and streamlined its divisions from five to four. As part of the Next Level Strategy, ABB will accelerate the implementation of its previously announced 1,000-day programs to drive white-collar productivity and working capital management. The company aims to achieve a \$1 billion run rate by the end of 2017 in gross cost savings. Improved working capital management is expected to free up at least \$2 billion in cash by the end of 2017. Daniel Helmig, head of ABB's Supply Chain Management, is currently busy implementing supply chain transformation throughout the company's 450 plants and many project sites as the company consolidates back end processes and establishes ten global transportation management centres. "It took nine months to design and draw up blue prints for the Next Level strategy. I'll be fully committed to this for the next two years." ➤

Interview conducted by Martijn Lofvers and Oskar Verkamman, written by Helen Armstrong

Daniel Helmig (53) was born near Cologne and now lives in Zürich with his wife and two sons, age 21 and 17.

Education

1998: Michigan State University - The Eli Broad College of Business, Master of Business Administration (MBA), before: BA in Business & Administration from Cologne, Industriekaufmannlehre, Abitur.

Career

2009 – Present: Chief Procurement Officer / Group Head Supply Chain Management, ABB, Zurich, Switzerland

2004 – 2009: Chief Procurement Officer, Infineon Technologies later Qimonda, Munich, Germany

2001 – 2004: Director Purchasing Interior, Exterior, Electrical Ford Europe, Ford Motor Company, United Kingdom

1998 – 2001: Strategic Planning & C-Car Platform Manager Purchasing, Ford Motor Company, Cologne, Germany

1993 – 1998: Strategic Planning Manager, later Senior Buyer Ford Motor Company, Detroit, USA

1984 – 1993: Manager Material Planning & other Operations jobs, Ford Motor Company, Cologne, Germany

Daniel Helmig, Global Head Supply Chain Management, ABB

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For around 125 years, ABB has been empowering utility companies and facilitating electricity flow, from power plants to household plugs. Its high voltage cables transport power further than ever before and its substations stabilize and supply power to a wide range of urban and industrial applications. This US\$ 35-billion giant in power and automation is also one of the largest producers of industrial robots such as YuMi, the You and Me robotic co-worker that enables people and robots to work side-by-side. Its innovative technologies drive ships as well as electrical cars and e-buses. The company also collaborated on Solar Impulse, the first aircraft to recently make a solar powered flight around the world. This engineering feat is typical of the innovation the company prides itself on: Integrating renewable energy into the electricity distribution systems. It is currently undergoing enormous internal change as it implements its Next Level Strategy. Daniel Helmig explains how the supply chain will strengthen the company's global position.

What are your responsibilities?

"I am the Global Head of Supply Chain Management (SCM) in some companies referred to as the chief procurement officer. My job entails procurement as well as transportation and logistics. Sales and operations planning and material planning are run by a different function. The total supply chain spend is US\$ 20 billion, plus another US\$ 8 – 10 billion on the internal supply chain as many operations support our business. I'm responsible to the Executive Committee for the overall performance of SCM, and all systems and processes that come with it.

The SCM teams of the company's three regions report to me directly and our four divisions - electrification products; discrete automation and motion; process automation; and power grids - report to me functionally. Under the divisions we have 20+ business units and on top of that we have 126 different product groups, 450 production plants and a similar number of projects such as sub-stations, laying power cables across continents and

Daniel Helmig: "I still use the re-engineering approach by Michael Hammer: **People, Process, Technology.** If you get these right - along with communication - you normally create a good implementation."

PORTRAIT

Work and travel "I travel to work by public transportation, the car is only used for plant and supplier visits. Approximately 40% of my working time is spent traveling globally."

Management style "Like most managers in ABB, I prefer an integrative, team oriented management style with open floor (not open door, I do not have my own office) policy. Hierarchical thinking has no room in my team."

Vacation "Mainly exploring countries either by RV, motorcycle or car. So much to see, so little time."

“During this whole process, it’s important that we respect the ways things are done locally.” ◀

seas, or providing the infrastructure to manage the electricity grid of entire countries.”

What are the main projects on your agenda?

“I am fully committed to our ABB Next Level Strategy which will in the SCM area transform the supply chain and optimise productivity. It includes integration into our so-called 1,000-day projects which were kicked off by our Executive Committee in 2015 to bring us even closer to the customer.

Even though individual plants and business units had been operating very successfully, we saw an opportunity to drive three main transformational levers to bring SCM to the next level: consolidate transportation management into transport management centres (or control towers), establish Global Business Services for back end processes in procurement, and increase the degree of collaboration inside and between business units in the area of strategic sourcing via virtual Centres of Expertise.

Focusing on the transport & logistics; we are establishing ten Transportation Management Centres (TMC) worldwide that will be located on the Arabic peninsular, China, Singapore, India, Poland, Italy, Switzerland, Finland, Brazil and the USA. They will coordinate and carry out network optimisation for everything we do in terms of transport, logistics, trade and customs management. It is a massive project that impacts most employees in this field, and opens up new career opportunities for professionals. Getting these process and systems in place will certainly be one of my priorities for the next 18 months.”

What exactly will the transport management centres do and why have them in these particular countries?

“They will handle inbound material, internal transportation and everything going out to customers, so they will interface with 3PLs and freight forwarders. Ultimately we want the TMC’s to optimize our logistics operations and reduce our carbon footprint.

Some companies just have one transport management centre but

in our case we believe that customers and transportation requirements are continentally different, and our transport infrastructure needs to cater to this.”

Why was now the right moment to create these transport management centres? Is the technology now available?

“Every company has its own history and decides at a given moment that this is the right time for change. ABB is a successful company and we are proud of how we serve customers. But over the last ten years we saw many opportunities to consolidate the back end processes utilizing a standard logistics IT environment beside the SAP environment that we already have in place.

Before we decided what the right system for us was, Dirk Jan van Duivendijk, Head of Transport, Trade & Logistics management, travelled the world visiting other companies to look at their control towers and what systems enabled them.

We decided to implement Eyefreight for the global transportation management and JDA in the US for domestic.”

Will the transport management centres form the hub for more processes?

“Another lever in the transformation is that of strategic sourcing. We are moving to virtual centres of expertise that will be driven by the business units and divisions. We are also setting up three Global Business Service centres for transactions and procurement. These will be in Krakow, Tallinn and San Luis Potosi to support the three ABB regions, and we are expanding our transportation management centre in Xiamen to include procurement.”

How did you create momentum to start the transformation?

“Smart leadership introduces change when you’re doing well, not when you are already in trouble. The ABB EC started very early and made sure that everyone in the company understood that this was not optional. In a company that celebrates its 125th anniversary in Switzerland, the good news is we can build on many good processes that have already been in use in our company for years – just expand them to the whole organization.

From a supply chain perspective we brought the 200 SCM leaders together in Riga and involved them and their teams in the blue print phase for processes and solutions. We shared what is being done in other companies and explained how much more proficient and effective we as a team can work. It is not rocket science. Our colleagues have an intrinsic motivation to be more productive, so most of them were pleased to make the change happen.”

How are you communicating the change through the supply chain?

“A massive amount of structured communication is on-going. We have management team calls on a regular basis, conference calls with country leaders, videos, even animations and blogs to explain what is coming up and what is already achieved.

We started to develop the supply chain transformation strategy in May 2015 and we started rolling it out in January 2016. This

Clothing “Business or business casual. After wearing a tie for over 30 years, I’m hoping that in the next five years this relic of the 17th century, which was started by Croatian mercenaries in the Thirty Years war, dies out.”

Hobbies “Spending time with friends and family or riding my bike in the Swiss Alps and German Black Forest.”

Music/Books “I have an eclectic music taste, with a focus on modern

Scandinavian jazz. With regards to books, you will never find me without my e-reader when I’m travelling. The e-reader contains beside the normal business books, autobiographies and modern fiction.”

Inspiration “I worked for 25 years in other companies, before I joined ABB. What inspires me professionally still every day, is the open and friendly ABB company culture, created by the highly diverse and intelligent people I’m privileged to work with.”



“With Big Data we can start baselining our thinking on reality rather than an inherent incomplete set of selected information.” ◀

involves visiting over the lifetime of the projects each of our 450 plants, one by one, to explain what we are doing. It's an enormous plan. My group team simply stopped what it had been doing so far and we reorganised to focus fully on the transformation.

It is also important, that as the senior leader you lead by being where the action is. When we started the program in the US, I lived there for three months, and worked side by side with the team in many plants. It is said, that in the digitalization age, you can do your job nearly everywhere, so I put the slogan to the test... it worked. In each plant, we start with a pre-engagement phase where we explain the new processes and systems. Then the transformation teams for Global Business Services come in and perform a knowledge capture process to understand how their processes work and how people function in the plant. We also have a quite sophisticated data analytics tool we call x-ray internally. It analyses the SAP and neighbouring applications to ensure we understand what is going on in the technology area (again: People, Process, Technology). During this whole process, it's important that we respect the ways things are done locally, since the typical ABB plant is already very successful – we're not there to tell people how to do their job. Our team has to listen carefully and gather information to establish standard operating procedures that can be later transferred to the centres.”

Have you managed to perform the transformation with existing staff?

“It would be impossible to carry out this massive transformation along side your normal supply chain tasks, so we have a full-blown project management team that is working on this continually. It includes brilliant experts from the four divisions. Beside this we work with a separate office within ABB that is responsible for overseeing all the transformations taking place on a group level.

Of course we have used consultants and what I really valued are what is called 10x performers – people who due to their knowledge and the way they've been trained can provide ten times the input of a regular performer. You only need two or three of these expert consultants, and link them to your best people, to revolutionise the way you think and work. In the meantime we also found a few of our own 10x people – who thrive in change environments like ours.”

What are your thoughts about Big Data in the supply chain?

“My generation is used to thinking in terms of finite data. I call it the Excel sheet generation: Small amount of data drive our decisions. We usually come up with some good solutions, but now with the volume, variety, velocity and veracity of Big Data we can start baselining our thinking on reality rather than an inherent incomplete set of selected information. I think this is a massive opportunity for supply chain management.”

How do you drive innovation into the supply chain?

“The company has five value pairs and one is innovation and speed. We are always looking to drive innovation into the company and you need to look outside too to be ready for the next big thing.

For example, the first trials on warehouse hi-bay inventory checking were done using drones equipped with scanners. This is even from a health & safety perspective interesting, since falls from height are in all manufacturing industries one of the most prominent areas of risk for employees. Even 3D printing offers a lot and is already used extensively in our company today. I read the other day that Fisher Price is offering a DIY 3D printer for young adults; I still remember building cranes with Fisher Price - technology has come a long way.”

Speaking of looking outside the company for innovation, what is the main focus in terms of supplier management?

“Sustainability is a big topic for our supply base management. It all starts with the identification of the suppliers. Companies who want to work with us first have to go through a pre-qualification assessment for which we work with Achilles. Some suppliers struggle at this stage already, since our requirements have to be globally compliant, fulfilling specifications for all countries in which we operate. So, it is up to our potential partners to decide whether they like to play in the World Cup or Champions League. Since ABB plays on the global stage, our suppliers need to feel comfortable to play with our team.

That is first step. Then suppliers have to understand what it means to work for ABB in terms of sustainability and conflict minerals. Beside the fact that we clearly define requirements for sustainable procurement in our supplier code of conduct, we, as a publicly traded company also in USA, comply with SCC regulations regarding conflict minerals. We even went as far as creating animated movies to explain our supplier code of conduct highlighting sustainability, Health, Safety & Environment and zero tolerance. Reading a document is one thing but being able to visualise is another.

Let me give you an example of how we work here: We scanned some 30,000 potential suppliers and came down to 8,000 with whom we interface in terms of tin, tantalum and gold. Even after all the communication we still have 170 suppliers who are not complying by not providing us with the needed conflict minerals information. So we will stop working with them. There is no alternative: zero tolerance for non-compliance.” ◀

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