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Patrick Dittli

Global Director Supply Chain
Management, Metro

A photograph of Patrick Dittli, a man in a dark pinstriped suit and light blue shirt, standing in a Metro store. He is looking towards the camera. In the background, there are shelves stocked with goods and a sign that says "METRO Düsseldorf".

“Supply chain in many cases is the mediator in challenges”

Global wholesaler Metro/Makro Cash & Carry launched In October 2015 a new operating model, appointed an operating board and embarked on a new strategy: Its global headquarters in Germany largely decentralised operations and gave a higher degree of responsibility and autonomy to the countries in order to bring value creation even closer to the customer. New sales channels opened including food distribution, which previously was not a core priority for the business. Patrick Dittli (44) was appointed in 2014 to support and coordinate the supply chains around the world. His end-to-end mindset and understanding of the impact that supply chain has on procurement, customer facing, finance, systems, and personnel has been essential as Metro is building up its multi-channel competence. “We are in middle of a broad transformation programme to become a more customer demand-driven organisation across the various route-to-markets and sales channels,” explains Dittli. ➤

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

Patrick Dittli, Global Director Supply Chain Management, Metro

“Supply Chain in many cases is the mediator in challenges”

Patrick Dittli, was born in Switzerland, and currently lives in Dusseldorf with his wife Alma and their two children (Seraina 9, and Mattia 7).

Education

1994 – 1999: Master of Arts HSG, University of St. Gallen, Switzerland
1997 – 1997: Participation in Exchange Program with Hitotsubashi University, Japan

Career

2014 – present: Global Director Supply Chain Management Metro AG Wholesale & Food Specialist Company, Düsseldorf, Germany
2012 – 2013: Head of Supply Chain Nestlé Waters Europe, Mainz, Germany
2010 – 2012: Group Demand & Supply Planning Director, Nestlé, Paris, France
2007 – 2010: Director Supply Planning, Nestlé Canada, Toronto, Canada
2003 – 2006: Supply Chain Project Manager, Nestlé S.A., Vevey, Switzerland
2003 – 2003: General Manager Nufatron AG Guettingen, Switzerland
2002 – 2003: Logistics Analyst Nestle S.A. , Vevey, Switzerland
1999 – 2002: Consultant Accenture, Zurich, Switzerland



Photos: Ton Zonneveld

METRO





Last year the Metro Group announced that the organization was to demerge into two companies: a Wholesale and Food Specialist Company, operating under the Metro brand and a consumer electronics company (Ceconomy). The reason was to enable the two companies to become faster, more focused and more agile to independently achieve sustainable growth. For the wholesale business, the operating model of decentralization introduced in 2015 gives countries more entrepreneurial freedom to deliver value, and transforms the wholesaler into a systematic partner for its professional customers with multi-channel and business solutions. Patrick Dittli, global director supply chain management, is there to support the supply chain part of this transformation.

What is your role?

“The Metro Cash & Carry Operating Board consists of so-called Operating Partners. Each of them manages between two to five countries, whereas on the other side they have the functional mandate for one or more operational areas. I report directly to the Operating Partner overseeing supply chain management and I have functional responsibility for 25 countries as well as three recently acquired food service companies. The countries have their own local supply chain organization with a solid line to the local board and a functional dotted line to me.”

Has Metro Cash & Carry been too slow in responding to market disruption and new technologies?

“Since 1964 Metro has had a very successful business model in the B2B wholesale which relies on trading in bulk to realise economies of scale and reduce costs.

Over the years, Metro Cash & Carry has been adjusting its business strategy and priorities constantly to focus on the changing customer demands. In 2015 the board of Metro AG made a strategic decision to decentralise, to give more responsibility and autonomy to individual countries as we believe value is created locally with their customers. We are in the middle of a broad transformation programme to become a customer demand-driven organisation across the various route-to-markets and sales channels.

Patrick Dittli: “It takes a lot of explanation as supply chain management is a comparatively new function and it requires a profound understanding of the end-to-end complexity of supply chain.”

PORTFOLIO

Work and travel “I live very close, only 3km to the office. This allows me to go to work in Summer by bicycle, and in winter, well, I take the car.”

Management style “People say about me, that I’m a passionate Value Chain Professional with global Experience. Yes, creating & optimizing the End-to-End

“We know that companies that have an integrated end-to end supply chain are better able to meet consumer needs.”

Our strength is that we understand and can meet the very different needs of individual customers all over the world. Our ambition is to be the ‘Champion for Independent Business’. People may still perceive Metro Cash & Carry as a traditional wholesaler but this is changing, including for example food delivery which used to be a difficult subject to address in the past.

We believe in future there is a big opportunity by offering different delivery solutions, one of them being transport after check-out: In Paris for example chefs and bakers still come and select their own fish or flavour but we then arrange for it to be delivered because they don’t want to carry it back.

Also, we fulfil online deliveries for people who order at home and for family run restaurants with an online application.

However, we still have a large base of customers who come to the store because they want to see, touch and smell the food and get inspired by communicating with the store.”

So does this mean that supply chain is responding to demand signals from customers, whereas in past this was the responsibility of sales and marketing?

“Previously the main focus of supply chain was on warehousing and transportation. One of my first tasks was to help change people’s perception of supply chain and create an understanding about where the supply chain starts and ends. It takes a lot of explanation as supply chain management is a comparatively new function and it requires a profound understanding of the end-to-end complexity of supply chain. You need to have a good knowledge of procurement, store operations, marketing, finance and production to recognize the impact on systems and personnel throughout the company as you optimize processes along the value chain.

However, we know that companies that have an integrated end-to-end supply chain are better able to meet consumer needs and embrace new technologies. I believe that having end-to-end understanding of all the processes helps massively because the sum of the pieces is greater than the whole.”

How did you manage to implement this cross-functional initiative to create end-to-end optimisation?

“We started with a pilot in Poland where we connected different functions on a horizontal level, in other words we broke down the historical silos in order to create a value chain right up to the customer. This required a lot of change management as we started a new journey. We established a supply chain department and we reassigned responsibilities to different people. As a result supply chain has become largely involved in procurement. What is also new is that we now think about demand planning differently and we talk with procurement, our store colleagues, marketing about the assortment and we make the planogram.”

One supply chain doesn't fit all so have you different supply chains for each country. How do you cope and ensure that they are fully supported?

“With the implementation of our new operating model at Metro Cash & Carry, we also launched the federation model. The federation model is based on the principle, that expertise from one country shall actively be shared with other countries. Or in other words, if one country is particularly strong in one functional Supply Chain area, this country should also help out another country who flags the need for this specific Supply Chain area. Some other methodologies call them ‘light houses’. This means enhanced country-to-country sharing and support. The role of Dusseldorf, therefore, changed. In Dusseldorf we act as a centre of competence and coordinator. At the beginning we sent a questionnaire to each country asking two simple questions: What are your needs? What are your capabilities? With this information we are able to match queries with the expertise. It also became possible to reorganize teams, building up resources where necessary. My job is to coordinate, orchestrate and maintain that.

The priorities of the Supply Chain Federation were derived from the local country strategies. The countries have started to request more and more support – we currently work on a list of more than 500 project requests – about how and where to create value, either with the central expertise or by cross-fertilizing expertise from another country via the federation. We went through the learning curve and we were proud to recently celebrate the first year anniversary of our federation.”

Value for the Customers makes me getting up in the morning. Finding a way how to serve our customers better, everyday a little bit, is what keeps me going.”

Vacation “Our kids were born in Canada and we (still) have a cottage in Quebec. That’s where we spend

our vacation and can perfectly unwind.”

Clothing “At work, I like it elegant, but not extravagant. And at home, I like it rather casual.”

Hobbies “I’m a family person. Spending time with my wife and

children is the best recipe to digest stress and get ‘earthed’ again.”

Music/Books “I’m a big fan of Bruce Springsteen. I read a lot, but I also made some attempts to write books myself. I have written a children’s book about globalization.”

Inspiration “Nelson Mandela is for me a hero. I consider him as a source of inspiration. I also have a painting from him. Another person is Bertrand Piccard, the Swiss psychiatrist, balloonist, and ecological pioneer. Very impressive what he does.”

“The priorities of the Supply Chain Federation were derived from the local country strategies.”



Are you serving customers from the large stores on the outskirts of cities or do you need other fulfilment centres?

“Our global 750+ stores have close proximity to our customers and can serve them very quickly. In some big cities such as Paris, Madrid and Roma, we also operate small-format stores in the downtown area to ensure a large number of Horeca customers nearby can shop at Metro conveniently and efficiently. Don't forget, our business is people business.”

Coming from a cash and carry organisation all your customers are cardholders. This must give you a head start in terms of master data?

“Thanks to the membership system based on customer card at Metro Cash & Carry, we know our customer's shopping behaviour and we are working on fully leveraging its full potential, for instance by improving data quality.

In the future the data will enable us to very specifically address customers' needs based on groups, clusters, and very personalized attributes. I always say: My grand-mom bought what was available. My mom bought brands. My generation, we buy attributes. This offers huge potential.

We will be able to make improvements by customising needs based on a personal profile. I'm convinced there is a lot of potential in running targeted sales. The customer insights, or even its intimacy, coupled with the proximity of our stores, are a true competitive advantage!”

So how else are you managing to get closer to customers?

“We are constantly beefing up our B2B relationships with the

objective of becoming the systematic partner for our customers. One latest example is our Metro Accelerator programme which targets start-up companies offering innovative technology applications for the restaurant, hotel and catering industries. With this programme, Metro is seeking technology-based services and products that simplify, accelerate and digitise operational processes and customer relationships of restaurants, cafés, snack bars and catering businesses or hotels. The aim is to make this important Metro Cash & Carry's customer group Horeca even more successful in future and deliver added value to them thanks to technological innovations.”

In FMCG we see that planning is centralised but execution is decentralised. How does that compare with Metro?

“Countries define their long-term strategy jointly with their responsible Operating Partner. Some major projects in countries request investment, technical and system solutions, manpower etc. from the headquarters. The requests from countries can be quite different depending on their local strategy and priorities, but businesswise they all have to match certain criteria, in a well-balanced process within a given framework.”

What are your ambitions?

“Continuing to help the countries with my team, but also with the federation, is what keeps me going and where I get my energy from. I see countries as our internal customers, and if we deliver value to them, then we have reasons to be happy too.

Secondly, we need to increase the awareness and coherent perception of the supply chain function across the organization. Moreover, I wish to bring Supply Chain up to a level so that good Supply Chain professionals are more often considered for top managerial positions. Supply Chain in many cases is the mediator in cross-functional challenges and is able to speak the language of other departments.

Last but not least, we still need to know the internal capabilities and strengths as a key to foster organizational development.”

Interview conducted by:



Martijn Lofvers
Owner, Publisher & Editor-in-Chief
Supply Chain Movement
martijn.lofvers@supplychainmedia.nl



Oskar Verkamman
Managing Director
Inspired-Search
oskar@inspired-search.com



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