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Frank Baur
Vice President Supply Chain
EMEA, Parker Hannifin

“Our supply chain is seen as more than just a cost contributor”

DIGITAL
TWIN

Frank Baur, Vice President Supply Chain EMEA at Parker Hannifin

“Our supply chain is seen as more than just a cost contributor”

Frank Baur joined Parker Hannifin two years ago to lead its EMEA supply chain from its regional headquarters in Étoy, Switzerland. The company manufactures a wide range of products that facilitate motion within an industrial application, which, put simply, ‘enable engineering breakthroughs that lead to a better tomorrow’.

“I was attracted to its winning culture, passionate people, engaged leadership, and true focus on valuing customers,” says Frank. Running a decentralized, end-to-end supply chain with responsibility across six groups, 19 divisions and 27 countries, he seeks competitive advantage through the core lean management principles of continuous improvement and creating value for customers.

Eight months after the start of the COVID-19 pandemic, the company remains strong. This, as Frank explains, is due to its customer centricity and engaged people, which comes from its philosophy of ownership, entrepreneurship and decision-making at the lowest possible level.

Interview conducted by Martijn Lofvers and Edwin Tuyn, written by Helen Armstrong

Parker Hannifin is a leader in motion and control technologies and has a long history of powering machines that changed the world. From brakes and fueling systems for aerospace to valves and sensors for climate control, power generation and health-care, it touches all parts of our daily lives. Founded in 1917 in Cleveland, USA, by entrepreneur Arthur Parker, it has a deeply engrained culture of innovation and commitment. At the turn of the Millennium the global company introduced its successful Win Strategy, which was revised in 2015 and 2019 to focus on the customer experience, in order to improve productivity and profitability.

With sales of 13.7 billion dollars in fiscal year 2020, Parker has come through the COVID pandemic in good health and, with Frank at the helm of the EMEA supply chain, improvements are set to continue. “Supply chain is driving the competitive advantage that enables Parker to be a top-performing company,” he says.

How did you get to where you are today?

“I studied economics in Germany and, after graduating, went directly into supply chain management. I started in fast moving consumer goods and then joined a consultancy, Ingenics, before moving into industry to work for Robert Bosch. While there, I had the opportunity to move to Brazil to lead its Latin American supply chain and then to Chicago, where I had responsibility for its NAFTA supply chain.

Working for Ingenics was also an important step because I learnt to work with standard methods and had my first exposure to industry. The firm is strong in operations and process management, so it gave me a solid foundation for manufacturing. It also exposed me to the importance of talent management and this remains key in my cur-

rent role. My time as a consultant also boosted my cultural awareness and inter-cultural competencies. It was the first time I worked on projects outside of Germany.

I joined Parker Hannifin two years ago. We are organized in six groups and I am responsible for the supply chains of 19 divisions, which are differentiated by product or customer. Each one of those 19 divisions has a supply chain organization with decentralized operations that puts them close to our customers and to our supplier base. This gives us a competitive advantage over larger-scale, centrally-led organizations. It is a truly holistic end-to-end set-up across all functions and, for me, the leadership challenge is to lead remotely.”

Do those individual divisions report directly to you and how do you leverage the benefits from one division to another?

“Each of the 19 divisions has a general manager who is responsible for targets and makes first-level decisions. The divisional supply chain leaders report back to me, which ensures functional guidance and the transfer of knowledge and technology between divisions.

In addition, the functional owners of transportation, sourcing, procurement (direct and indirect), material management (S&OP, inventory, service), logistics, warehousing, foreign trade management and compliance also report to me.

We have 13,000 associates in EMEA but only about 110 at our regional headquarters. Each year, we transport around 1 million shipments from 100 warehouses and 100 manufacturing locations in Europe. We do have facilities in other parts of the world for risk mitigation, but our aim is to produce in Europe, for Europe.”

Frank Baur (46) was born in Ulm, Germany, and now lives in Fechy, Switzerland, with his wife Sarah and two children.

Education

1994-1997: Business Administration, Baden-Wuerttemberg Cooperative State University, Germany
2015: Global Leadership Executive Program, Carnegie Mellon University, Tepper School of Business, USA

Career

2018-present: Vice President Supply Chain EMEA, Parker Hannifin, Étoy, Switzerland
2014-2018: VP Supply Chain & Logistics Bosch Automotive Aftermarket NAFTA, Robert Bosch LLC, Chicago, USA
2010-2014: VP Supply Chain & Logistics Bosch Automotive Aftermarket LATAM, Robert Bosch Limited, Campinas, Brazil
2007 – 2010: Director Supply Chain & Logistics Bosch Powertools Green EMEA, Robert Bosch GmbH, Stuttgart, Germany/Miskolc, Hungary
2004 – 2007: Manager Supply Chain & Logistics Bosch Powertools Strategy, Projects & Warehousing EMEA, Robert Bosch GmbH, Stuttgart, Germany
2001-2004: Director Division Supply Chain & Logistics/ Senior Consultant, Ingenics, Ulm, Germany
1998–2001: Manager Supply Chain Strategy & Logistics Projects, Muller Holding GmbH & Co.KG, Ulm, Germany



What are your current supply chain challenges?

“COVID-19 has been unprecedented. During the pandemic the supply chain has been at the sharp end of the company because we have had early engagement with customers and suppliers alike.

We run our business with a globally-aligned strategy and safety has always been our top priority. Within EMEA we were on track regarding safety and, when the crisis started, we expanded the principle of keeping people safe, not just at work, but also at home. The advantage of being global was that we could take our COVID experience from Asia and apply it across Europe too.

For me the main challenge in this crisis has been sourcing. However, we have been able to leverage our strong local-for-local footprint. More than 85% of our sourcing volume comes from long-term agreements with suppliers and a significant amount is dual sourcing. This significantly mitigates any risks, and we have been able to maintain our manufacturing capacity, a huge accomplishment of which I’m very proud.

Secondly, we invested early in transportation visibility. Whether picking up goods from suppliers or delivering to our customers, some 99% of our freight is transparent. We have 12 preferred carriers who do 86% of our transportation. This has led to very honest partnerships, which gave us early awareness of where the outbreak was impacting us.

Thirdly, our focus on talent and people engagement has helped a lot. As the impact of the crisis increased, having smart people who were able to analyze big data cubes and combine this with material management and planning, made the difference. By empowering them and adjusting our reporting, it gave us the necessary transparency to manage the crisis and we didn’t let manufacturing down at all.”

How do you assess the supply chain strategy?

“Parker’s great advantage is that we have guidance from our Win Strategy, which is based on four essential pillars. The first pillar is engaged people, which boils down to functional expertise, pipeline strengths, diversity, inclusion and continuous learning. Before the crisis we had conducted our annual empowerment and engagement survey, which showed that the company performs very well against its peers and that the EMEA supply chain is best in the region.

During the supply chain review we quickly concluded that talent management remains key. We need to continue with our pipeline fill across all levels in the supply chain organization and further accelerate our graduate trainee program. On October 1 we launched an internal supply chain academy to further strengthen functions and experience.

We aim to have engaged people in cross-functional teams who are empowered to make decisions at the lowest possible level. At Parker we call these High-Performance teams (HPTs). Before the crisis, 78% of associates were in a high-performance team. This meant

they were working together with a defined purpose and clear target, often remotely, to solve a problem. The crisis truly changed the way we interact, because we used more video-conferencing platforms, but it also accelerated the use of HTPs.”

Supply chain is often seen as a cost generator. How did you turn the organization from being cost focused to profit focused?

“Fortunately, the supply chain at Parker is seen as more than just a cost contributor. Strengthening our cash position by adapting our inventory levels is essential. But we have to do it in a clever way and keep inventory low without impacting the customer experience. If it only improves the financial cash position, then we will be unable to provide the goods-to-order. And this will impact the customer experience.”

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