



Interview with Marc Magistali, Senior Vice-President Sourcing & Procurement, KONE Corporation

Marc is responsible for worldwide direct and indirect material spend. Marc has previously had similar leadership roles with leading multinationals including Philips and Avery Dennison. He manages a worldwide team of more than 150 sourcing and supplier quality professionals spread across the globe. He has recently led an organisational redesign, transforming what was previously a highly decentralised structure.

1. What are the biggest obstacles created by the credit crunch and how do you address these obstacles at KONE?

The shortage of credit has limited business growth & expansion plans for many organizations, increased the risk of supplier solvency and altogether created a generally risk averse - internally focused (cost reduction only) climate.

Although many measures have been taken to mitigate and plan for these 'obstacles' - fundamentally all processes whether they be strategic (dual source,...) or operational such as supplier qualification, segmentation or management, need to have the 'risk factor' built in.

Measures that we have taken include increased interface with primarily our strategic suppliers through formal and informal channels, expanding supplier quality audit risk parameters as well as creation of an improved Balanced Scorecard system to better Assess Supplier Performance and Diagnose Risk Levels. Our 'Scorecard' is updated on quarterly basis (or more frequently depending on supplier RISK level), whereby key financial and business parameters are analyzed such as Cash Flow, Gearing % and R&D percentage of sales – in an effort to ensure our strategic suppliers maintain a 'healthy' focus on sustainable innovation and growth.

2. Where do you see the greatest opportunity to install the right discipline in the business in this fast changing marketplace?

As managing risks is a constant reality - the greatest opportunity involves imbedding risk management across all processes as a standard practice across the organization (as with Quality) rather than building a separate risk management support structure - although this can often depend on the maturity of an organization.

3. What are you looking to get out of participating in ProcureCon 2009?

My expectations would be to participate - from network, participant and speaker perspective - in an open forum where relevant best practices can be shared and discussed on a practical level - whether that be supplier risk management related or otherwise. Key is that content addressed is relevant and covers both the Direct Materials as well as Indirect Materials and Services 'space', and that presentations / discussions are practical in nature as opposed to purely high level concepts.