



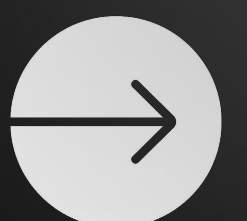
Mark McHugh

Procurement Adventurer

Intro

Mark is **Group Procurement Director at AB Agri**, who produce and supply animal feed, nutrition, technology-based products and data services for the agri-food industry

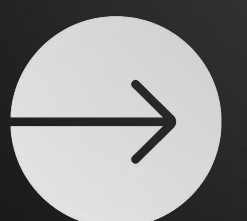
Mark's procurement story is a cracker! As we'll find out, Mark spotted at an early age that procurement could offer him an exciting adventure. Through a passion for procurement, sheer determination and a natural, positive and engaging style, Mark has progressed his career to heading up a £1BN portfolio.



Intro

I've known most of my other Procurement Adventurers for many years. In Mark's case we were introduced to each other just a few months ago. I was so inspired by his story and his great sense of humour that I immediately asked him to join the group. I'm delighted he agreed and we're already writing our first white paper together on sustainable procurement. Exciting times ahead.

February 2021



How did you come to work in Procurement?

Straight after A-Levels I started as a shipping clerk with Magnet Kitchens. At that stage I hadn't got a clue what procurement was but sitting in the same room as the buyers opened up my eyes. I saw them meeting suppliers and heard them negotiating. I loved listening to the cut & thrust of them doing the deals! I thought being a buyer would be fun. My entry point to procurement was **learning about global importing and I was fortunate to be promoted to a Junior Buyer.** I did an HNC and my MCIPS followed by a Diploma in Management Studies. I worked my way up from there.

On an aside, Mark and I asked ourselves the question: “what did we think the awareness is of procurement vs sales for graduates leaving university?” We both came up with the same answer. We reckon only 40% of graduates would know what procurement is vs 100% who would know what sales is. We should interview some graduates to get a true read but even our view indicates there is still a way to go for procurement to raise awareness of our amazing profession!

**"Many
commodities
have shot up
in price!"**

AW47 - Wheat feed/other Midlands Eng

Wheat; feed quality | subject to trading volumes | delivered Midland England | | AHDB



Download



1Y 18M 2Y 3Y GBP USD



AW47 - Wheat feed/other Midlands Eng (AHDB)

Dotted lines show gap filled data.

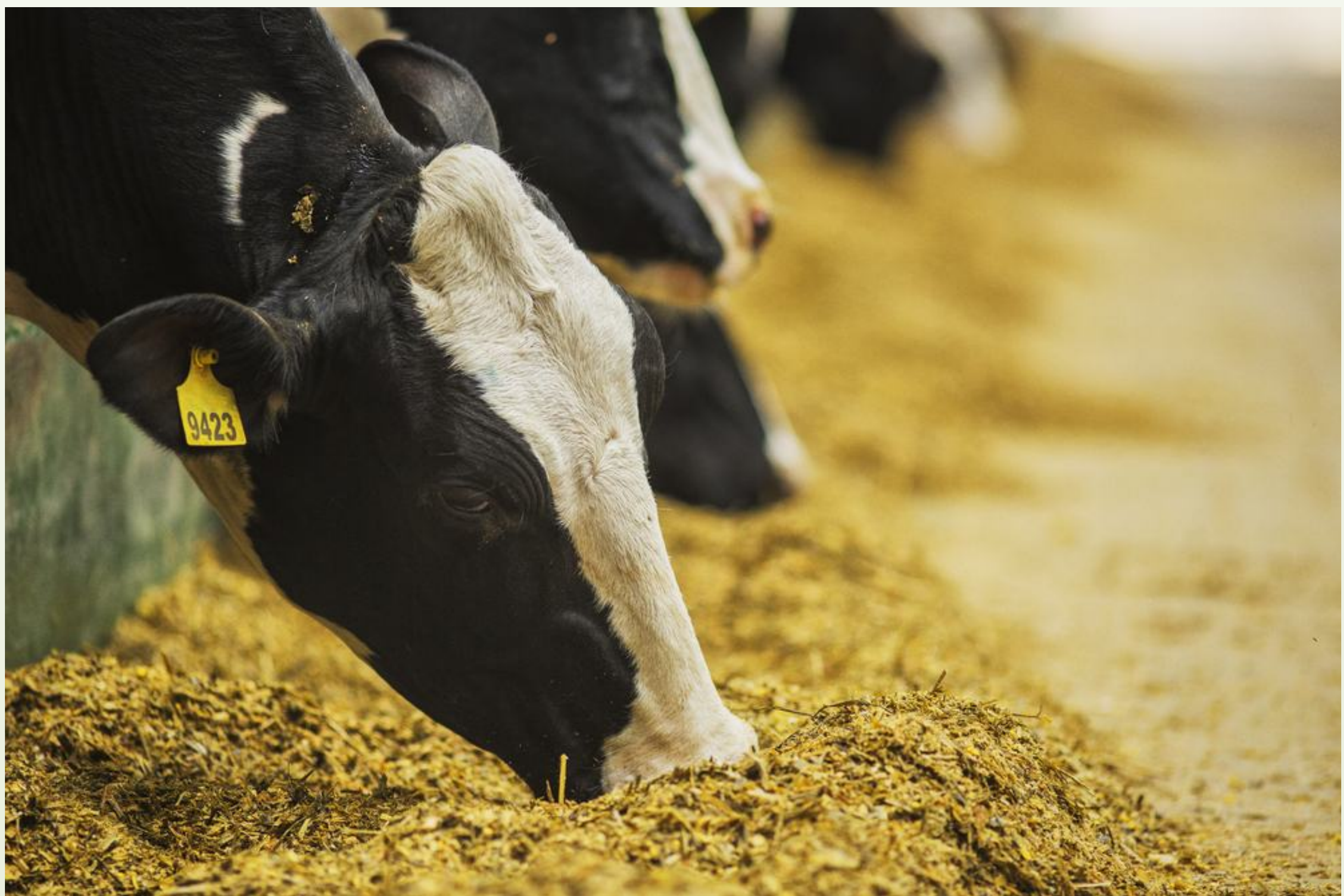


Tell us about your current role...

My current role has several elements most important of all being **leadership of the 50-strong global procurement team**. My leadership responsibilities entail working closely with Senior Business stakeholders and creating a procurement strategy to underpin the business plan.

There are of course all the other classic sort of tasks such as managing supply, value leadership and risk management. We operate in a highly volatile market with commodities that can swing wildly in price. With our size of spend this needs managing carefully. Many commodities have experienced unprecedented increases in the past 12 months, certain sea freight rates have increased over 400%, natural gas has more than doubled and commodities like wheat have increased by over 50% - a tonne of wheat, a key animal feed component has increased from £150 to £225/T over the last 12 months.

A typical day could be assessing the commodity and currency markets and agreeing if and what to buy, working with our commercial teams on pricing and margin management, chairing a technology implementation steering group and working with colleagues around the world on capital investment projects to accelerate business growth.



Supply challenges remain a massive problem - what are your top tips?

First up - **know your supply base!** Ensure as much visibility and transparency as possible right along the chain and right back to source: what are the potential risks and vulnerabilities and what steps can you take to mitigate these? Develop the best possible early warning signals and build contingency plans. Remember the importance of first mover advantage in times of constrained or limited supply.

Fall back upon trusted supplier relationships.

Clearly you need to ensure suppliers honour their commitments, but if there are potential issues or challenges, it's important to know this early. Encourage two-way supplier feedback and a “help me to help you” approach.

Communicate within your business and with your customers; understand both your underlying demand patterns and potential spikes caused by seasonality, promotions or customer stock build. Encourage open dialogue with your customers. If possible, involve them in decisions around stock building and forward pricing, to share risk and ensure availability. In the current environment view managed stockholding as an investment rather than a cost.

Ensure you **understand import/export processes and procedures.** Be pro-active and ensure that paperwork is right first time.

**"Bob Tavener,
CEO of Twinings
is someone I've
always admired"**

Who has been the greatest inspiration for you in the procurement world?

Bob Tavener CEO of Twinings, is someone I've always admired for his strategic insight and ability to make the complex clear and simple. As Procurement & Packaging Development Director my team and I met Bob regularly. He challenged me not only to do the best deal, but to be clear what the best deal actually was. He might say: "What are you actually trying to achieve and why"? For example, "How do you know the business wants a 10% cost reduction, rather than improved product quality and innovation for the same money"? This really taught me to engage with business stakeholders to ensure an aligned understanding of the relationship between cost and value: value as defined by product or service differentiation or improved operational performance; value delivering competitive advantage and value for an enhanced customer experience. I see this as the true meaning of Category Management.

Prior to Twinings, I worked for a niche consultancy called QP Group. The founder Robin Cammish and MD Duncan Brock achieved great things by effectively acting as catalysts: bringing together talented people, encouraging them to be creative, building a participative culture and providing the freedom to go out to customers, listen to their needs, develop solutions and generate value.

These times proved to be pivotal moments in my career. Being a consultant forces you to think on your toes and be on the front foot with your clients. Twinings started as a 3-month interim role and then developed into an exciting 14-year journey with the wider ABF Group.





What's been the best procurement adventure you have had?

There have been many! 3 stand out:

In the mid-1990s I spent time in China, **establishing packaging supply chains for the garment industry** during the early days of economic liberalisation. What struck me was the sheer enormity of industrial power that was being unleashed. In a few months between visits whole industrial parks or new highways would be built. The pace of change was phenomenal, as was the thirst of suppliers to drink in knowledge and information, to learn and improve.

In the mid 1990's I **sourced products from the Baltic States for the furniture industry**. Latvia was granted independence from the Soviet Union in 1994, so there was a feeling of great optimism and excitement, combined with massive practical and organisational challenges. The Latvian Development Agency assigned us a 76-year-old contact, as he was working in 1939, prior to WW2 and subsequent communist rule. He wrote all his notes on a foolscap pad, with a fountain pen.

The one that stands out most was **sourcing malt extract** (similar to Marmite in liquid form), a key ingredient for Ovaltine. Back in the day we sourced it from Rajasthan India, for shipment to the Ovaltine factory in Bangkok.

We spent time on the ground understanding and assuring the supply chain back to source. During a low yield harvest we had to act quickly to prevent our supplies being gazumped to feed racing camels in Saudi Arabia!

On the return leg of one trip, an internal flight was cancelled due to a sandstorm from the Thar Desert, which necessitated a jaw dropping 8-hour drive through the night, avoiding elephants and camels seemingly roaming free on the inter-state highway. India fascinates me on every level – A country of 1.4 billion people, world leading technology and infrastructure sat cheek by jowl with heart wrenching poverty. On a practical level you need to familiarise yourself with a different counting system. 1 lakh is 100,000, 10 lakh is 1 million and 1 crore is 10 million. I recall one negotiation when a supplier said, “I can’t agree to that, it will cost me 3 lakh”.

**"1 lakh is
100,000, 10
lakh is a million
and 1 crore is
10 million"**

What is your biggest procurement achievement?

Keeping our customers supplied & their animals fed during the combined challenges of COVID & Brexit is what I'm most proud of. This remains front of mind today, not least because the challenges are ongoing. AB Agri plays a pivotal role in the UK food chain, contributing to feeding 40% of the UK poultry flock and pig herd and 30% of the dairy herd. We source materials from 82 countries, including 100+ raw materials from 20 Chinese provinces, supplied to 35 manufacturing facilities around the globe. This has to rate as the most important and successful piece of work I've done in my career.

...and what did you learn from a time that didn't go to plan?

Many years ago, pre ABF, I was parachuted in last minute to a project to source and distribute Christmas gift packaging for a high street retailer. Just about everything that could go wrong, did go wrong, including a last minute discovery that the product was being manufactured in a breakaway Yugoslav republic, during the Balkans war. I was in my mid-twenties at the time and desperate to get the project back on track. In the end, good quality product went out to store, pretty much on time. The customer was happy and we built a strong ongoing relationship. To get the job done I travelled close to a war zone over a weekend and put in a 21 hour day to meet the truck from the port in Dover, navigate the driver to the warehouse in Basingstoke, brief the night shift pick & pack operation, before driving back to my home near Leeds.

What did I learn? **Don't take everything on yourself, have the confidence to constructively challenge your customer and be clear regarding expectations and deliverables.** Ensure that the right supplier due diligence has been done up front.

What are the three most important skills for the procurement professional?

- 1. Understanding value:** what variables represent value to your business and customers, and structuring the right deal to deliver them.
- 2. Data and analytics:** knowing what you need to know and making sure you actually know it; facts, data, insights, process mapping.
- 3. Engagement & Negotiation Skills:** Active listening, concise communication, persuasion influencing and negotiation.

If you were to speak at the COP 26 Glasgow UN Climate Change Conference what would be the message that you would like to give delegates?

1. We have a duty to our children and grand-children to **safeguard their future.**
2. **Working together,** mankind can achieve incredible things. Please put aside self-interest, we are one planet.
3. We have to **act now, before it is too late,** be brave and take decisive, long-term action



**"...volatile,
uncertain,
complex and
ambiguous"**

What does the procurement community need to do to transition to the future?

Embrace technology, automate and expedite routine processes. Spend more time engaging with the business, customers and suppliers. Adding value and developing solutions in an increasing VUCA (I love this acronym! ...volatile, uncertain, complex and ambiguous) operating environment.

And we've got to truly crack sustainable procurement.

Apart from AB Agri, if you could procure anything in the World what would it be?

To switch off, **I love to be in our garden** – it's also where inspiration seems to come to me to crack difficult work challenges. So, sourcing local produce for a farm shop resonates with me.

Otherwise, I saw a great documentary about the buyers from Liberty of London travelling the world sourcing beautiful ceramics and home furnishings. That would be amazing.



Rapid fire

Windy beach or hill top?

Hill Top

Early Riser or Night Owl?

Formerly night owl. Now early riser

Film or book?

Film

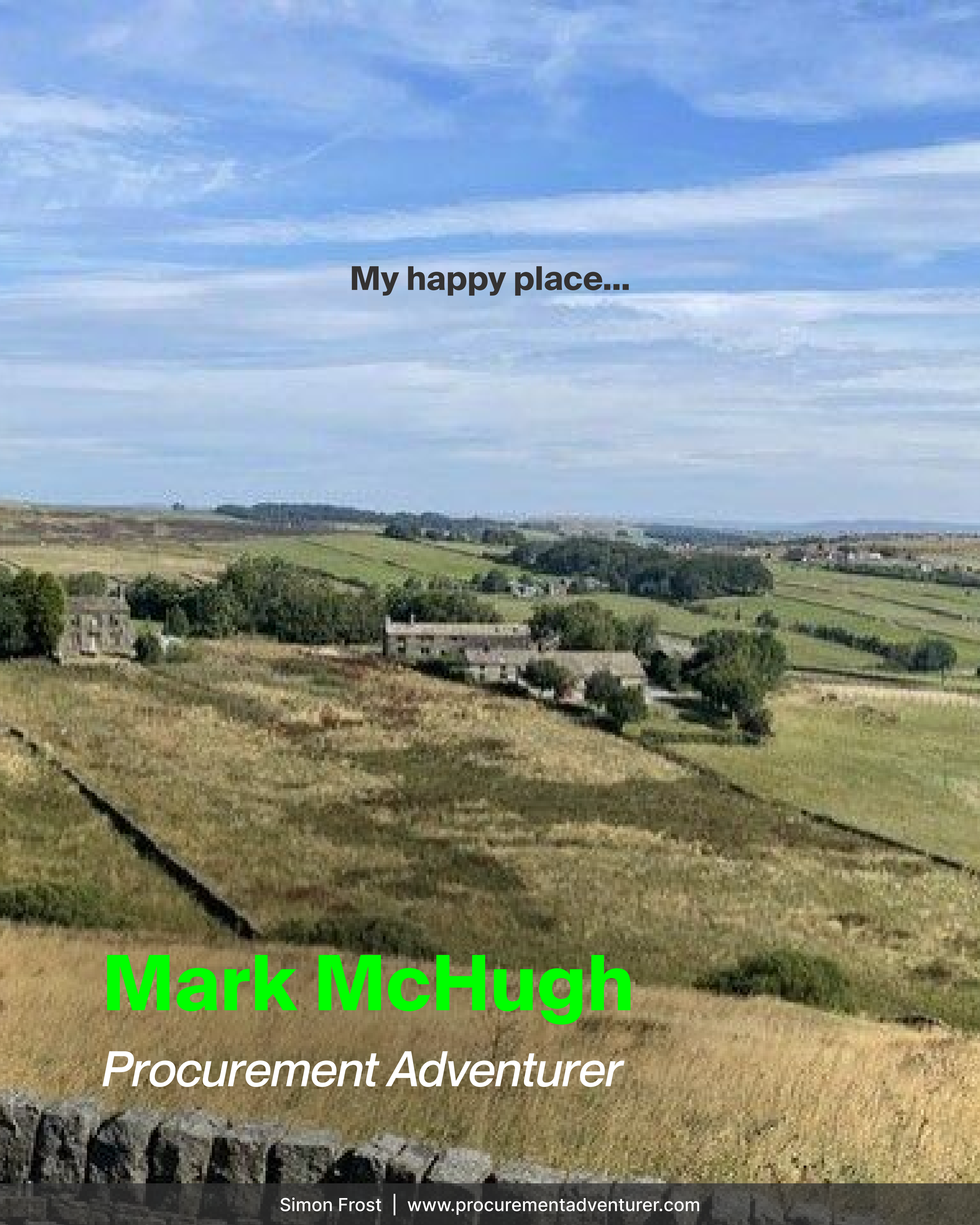
Cat or Dog?

Cat

**Keep your
network going**

Final thought...

Keep your network going! Chat to people outside your organisation. Have coffees with them. You don't always have to have an agenda. We can be so focused on our own roles and companies that there is a danger we don't see the bigger picture.

A scenic landscape of rolling hills and fields under a blue sky with clouds. The foreground shows a golden-brown field, possibly a harvested crop. In the middle ground, there are several stone buildings, likely farmhouses or small villages, surrounded by green fields and trees. The background features more rolling hills and a distant town or city under a vast, blue sky with scattered white clouds.

My happy place...

Mark McHugh

Procurement Adventurer