



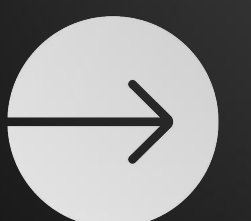
David Letipichia

Procurement Adventurer

Intro

I was fortunate enough to work with David when I had an assignment with Danone in Amsterdam. **David is a sharp strategist, true champion of suppliers and a trusted advisor.** He's also a person who understands how the World works. He's a born adventurer and a fantastic new addition to our Procurement Adventurer Group.

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Being born and raised in Mexico, how do you come to be working for a French Dairy in Amsterdam?

During college, I was involved with a **student exchange programme** through which **I met a lot of adventurers from around the world** – this gave me a desire to look beyond the borders of Mexico. My first internship with a French automotive company gave me a bridge to Europe. Through them I had my first trip to France and I fell in love....with a person? No France! This sowed the seed for wanting to move at some point to Europe for work. I said to myself, “I don’t know how. I don’t know when. But it will happen”. I changed companies several times after this first internship but the common denominator was always French companies.

Exploring across several automotive companies, all French, almost 15 years ago I decided to join Danone Mexico and this served as the conduit to land in The Netherlands. I've been working in Amsterdam and living here with my family ever since.

I recommend to all graduates interested in working in procurement – "be ready with your suitcase, laptop and passport!". Procurement is a great way to see the World.



Tell us about your role...

I'm 100% focused on packaging at the moment as **Danone's Global Director for paper-based packaging**, which covers corrugated cardboard, compact board, beverage cartons and composite cans for infant milk formula.



**"The likes of
Amazon are
gobbling up
boxes!"**

Some people might just say you're buying cardboard boxes. Why is it so much more than this?

You're right. I buy boxes...and many of them! The most exciting part is that in previous decades, paper-based packaging was always in the shadow of plastic solutions. Today, more and more the **world is shifting to paper-based packaging** as it is the more **sustainable solution for the future**. We're not only talking about secondary and tertiary packaging but also about the primary packaging too. You've probably seen things like the paper-based bottle. There's a tremendous race for technology to develop cellulose-based materials so this makes my job really interesting. The packaging in 10 years time will be completely different to what it is now.

The demand for cardboard boxes has totally changed. The incredible growth of e-commerce, particularly due to Covid, has changed the whole playing field. Even a few years ago, could you have imagined a 75 year old person ordering things through the internet? The likes of Amazon have made it so easy and they're gobbling up boxes! The pandemic has touched a generation that might never have been a major part of e-Commerce.



What is the secret to excellent procurement of packaging?

There are many things but the most important is that the **packaging must be fit for purpose**. The packaging has to be designed to fulfil the specific need of the product. If the packaging's primary focus is to communicate, we'll put the emphasis in printing solutions. On the other hand if it is for transport and protection purposes, then think about performance-based specifications. The other secret is always to connect the dots between sustainability and cost efficiency requirements. Sustainability has to happen.



What does the future of sustainable packaging look like?

The future of sustainable packaging comes down to several key factors – **moving from plastic to paper-based** (like the paper-based bottles we talked about) and **making it recyclable**. The level of recycling collections systems and recycled products by design still need to significantly improve and there is a huge journey ahead of us, especially in developing countries.

A third driver is about replenishment of the environment, not depletion – helping the environment, not impacting it. I was amazed what I heard and saw on a visit to a Swedish papermill located next to a lake. The supplier shared that in Sweden, they now have twice the amount of forest vs 50 years ago. The government placed huge importance on forests with a policy that for every tree cut down, 3 need to be planted. Paper mills need lots of water and they also shared that the water they returned to the lake after being used in the mill was much cleaner than what they took out.

**"More trees
are planted in
Sweden than
are cut down"**



In a recent article in the UK Financial Times, Bill Gates cited procurement as one of the enablers to avert climate disaster - how can procurement have a profound impact on sustainability?

There is no doubt that procurement must take a higher accountability in sourcing. In the past, it was always about competitiveness, efficiency and cost reduction. But now we need to **incorporate the pillar of sustainability**. If you do not include this pillar the product will not last more than 5 years because sooner or later, it will be banned by a country or regulation or rejected by the consumer. In the short term, making a product more sustainable can lead to higher costs. Therefore, we must find the ways to offset all those extra costs so we keep our companies competitive and profitable.

BILL GATES

HOW TO AVOID A CLIMATE DISASTER

THE SOLUTIONS WE HAVE AND THE
BREAKTHROUGHS WE NEED

How is the dairy industry adapting to the plant-based revolution?

I believe that dairy companies are getting to the point that it's **not about competing with the plant-based products**. Consumers can have both and they don't need to be in conflict – indeed a high percentage of consumers who buy plant based aren't vegan.

Previously, plant-based products were trying to mimic their dairy equivalents. Now the consumer knows there is a difference and this is much more acceptable. The flavour of the two brands can be different and you can enjoy both of them equally.

As a note on this we did a taste test during a team meeting at Danone between Danone dairy yogurts and their Alpro alternatives (Alpro is also a Danone brand) – both scored equally favourably.



Who is your procurement Guru?

In my career I've met amazing business and procurement professionals who coached and mentored me but there is one particular person who really stands out – **Paul Gardner**. He masters on how to engage and inspire people and has an incredible network and leadership. He is a great communicator by adapting the way to put together the right message at the right pace according to his audience. His knowledge in procurement is inside out: a vast experience in agriculture commodities, packaging solutions, technologies, markets & industries trends, category management in purchasing, value engineering, suppliers' engagement for innovation and much more... definitively Paul embodies what I truly call a 'Business-Man'.

What is the biggest success you have had in procurement?

It happened in Mexico when we **created a new milk co-operative starting from absolute zero**. This is when I realised how exciting procurement can be. This was a project that involved many teams across Danone, people in the Government, suppliers, banks and unions.

Everything stemmed from creating a new sourcing strategy for milk. In Mexico there has been always a historical deficit in milk production due to weather seasonality which caused lots of supply issues. We were too dependent on big producers. Why not work with lots of small ones? "It's impossible!" I was told many times. We set up a financial mechanism to support the farmers to buy better equipment and feed for their cows.

The project also included the establishment of a new collection system, technical support, milk price stability, security of supply, higher incomes for farmers and the access for farmers to bank loans with low interest rates.

We built up from 20 farmers to 150 and now there are close to 900 with a strong and solid infrastructure.

What are the three skills you most look for when interviewing a candidate for a procurement role

1. Curiosity
2. Communication and being able to sell your story
3. Wider business understanding

How does the procurement profession need to evolve to be fit for the future?

We need to **embrace technology to harness the vast amount of data we have to make excellent decisions.** As an example Sievo and Tableau have been hugely beneficial for spend analysis and analytics.



Rapid fire

Basketball or baseball?

Basketball

Mexican enchiladas or Dutch Bitterballen (meatballs)?

Mexican enchiladas of course!

Chess or play-station?

Play-station

Strawberry or mango?

Mango (particularly manila)



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