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Supply Chain Effect

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SUSTAINABILITY, RISK AND RESILIENCE

Interview with Ahlsell's president and CEO Claes Seldeby:

"Supply Chains becomes more local and regional"

Circular flows in the fashion industry

Meet Anna Persson, Head of Logistics at Lyko

The sustainable warehouse





Claes Seldeby, President and CEO of Ahlsell Group:

"Smart logistics and sustainable solutions are part of our customer offering"

BY STEFAN KARLÖF

On 1st August, 2021, Claes Seldeby took over as President and CEO of Ahlsell Group – a prestigious company renowned for its efficient logistics and supply chain. Intensive development of the Group's digitalisation, automation and sustainability work has been underway for a few years now. Investment that will take Ahlsell's supply chain to new heights.

"Continuous improvement work with the goal of developing our business processes is in our DNA, since we have long been expanding rapidly and making many acquisitions, it is vital that we take advantage of synergies and develop common processes based on best practice," says Claes Seldeby.

Ahlsell offers a wide range in the areas of water & sewerage, heating & sanitation, ventilation, insulation, electrical, cooling, construction, plus a

whole lot more. Each year about 500,000 different items are sold, approximately 200,000 of which are stocked for delivery one day after ordering. Against this background, logistics and supply of goods are, of course, central parts of the business, and there are continuous major investments in digitalisation, warehouse automation and the development of smart, value-creating logistics solutions.

"A large part of our business is about how we



deliver to our customers and about our logistical offering, which is characterised by extremely high availability and short lead times. Going forward, we realise that we can do much more to improve the productivity of our customers in the construction industry, including by conducting night-time deliveries and ensuring that everything needed the next day is in place when the construction worker or installer comes to work, and by consolidating shipments from other suppliers and make a combined delivery to construction sites, which has a positive impact on costs, efficiency and, not least, sustainability."

Driving development in the construction industry

The logistics of the construction industry are still quite rudimentary and the opportunities for development are significant. This is where Ahlsell wants to be an active partner that contributes to increasing the efficiency and sustainability of the industry.

"The sector has not succeeded in developing its productivity in the same way as industry, but there are great opportunities to improve the utilisation rate of the staff through more smart, sustainable and supportive logistics that increase the efficiency of our customers," says Claes Seldeby, explaining that Ahlsell should be a one-stop-shop that offers a wide range with high availability, delivered in a way

that creates value for the construction industry.

To drive efficiency, increased service level and sustainability among its customers, Ahlsell is investing in increasing digitalisation and innovative delivery services, ranging from delivery to parcel cabinets, drop-shipments directly from suppliers, logistics optimisation for high availability, short lead times, coordination and coordination of deliveries, sustainable transport choices and just-in-time deliveries, among other things

Automated warehouses

Since the turn of the millennium, Ahlsell's development has been explosive, with sharply increased volumes and an ever larger range. Against this background, the decision was made in 2011 to build what was then the world's largest automated warehouse in Hallsberg. The central warehouse in Hallsberg expanded at a rapid pace and after its success, central warehouses were also established in Finland and Norway. In 2018, the decision was made to invest an additional SEK 450 million in Hallsberg, followed by another investment of SEK 70 million two years later. More processes are also being automated in Ahlsell's central warehouses in Norway and Finland, with the aim of becoming even more efficient and faster

People don't do what you say,
but what you do.

Team leader and good role model

To Claes Seldeby, his career seems to have gone smoothly. After high school and military service, he got a job at the global electronics group Schneider Electric. He worked there for a total of almost 16 years, in various positions, including as CEO of the Group's Swedish companies. He then moved on to the role of President and CEO at FM Mattsson Mora Group and since 2016 his employer has been Ahlsell – a company that is in a similar sphere to both Schneider and FM Mattsson and which is on an intensive development journey. When asked what Claes sees as his main leadership qualities, he says that he sees himself as a team leader.

"I believe that my strengths as a leader are my ability to develop the team and the people around me and create an environment where everyone can contribute in the best possible way. If you try to do everything yourself, you will fall short. The ability to switch from the long-term strategic perspective to

the more short-term and operational is key. It is also important that the people you have around you are successful, that they have the opportunity to make an impact and that you support them in their work. You could say that it is strategic, result-oriented and empathetic leadership that has succeeded well for me," he says.

Pep Guardiola

Claes compares it with the world of football, where the Spaniard Pep Guardiola is often highlighted as the world's foremost coach and team leader.

"Guardiola was not the best footballer in the world, but he became one of the world's greatest football managers and has managed to form the best teams wherever he has been. As a team leader, it is important to be yourself, but at the same time be a good role model and set an example," Claes notes.

"People don't do what you say, but what you do.

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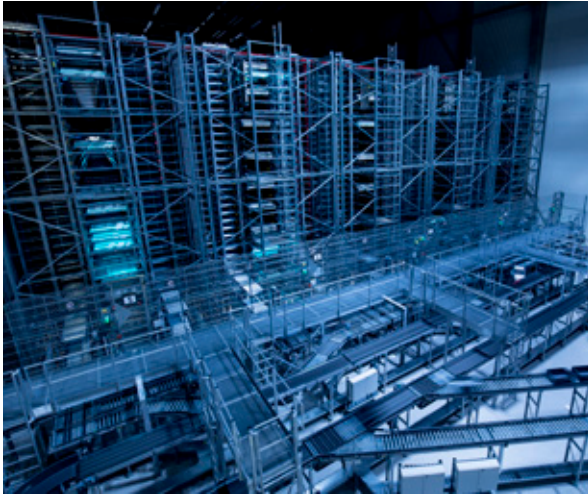


Photo: G975FXU8DTH7

Photo: Pavel Koubek



Therefore, you need to understand that there is a difference between being a manager and being part of the team and, for example, not staying the longest at the restaurant or company party, but being a role model and setting an example."

Jean Pascal Tricoire

One of the people who has been a good role model in Claes's professional life is Schneider Electric's President and CEO, Jean Pascal Tricoire – a business leader who has been named one of the world's top 100 CEOs by Harvard Business Review.

"He is a leader who has really influenced me. Jean Pascal is extremely clear and on his strategy days we only had three items on the agenda, not 18, so no one could miss what our challenges and focus areas were. He is a skilled leader and communicator who invested early on in developing people, diversity, gender equality and sustainability," says Claes, adding that Schneider Electric has had a very good development during Tricoire's time..

Digitalisation initiative

Ahlsell started its extensive and fast-growing e-commerce 20 years ago and has been running ambitious digitalisation work for several years with a focus on developing solutions that improve the business and make everyday life easier for both customers, suppliers and employees.

"We have built up a very skilled organisation that works exclusively with our digitalisation and thus becomes less dependent on external suppliers. We have created a number of agile teams that work with everything from analysis of the data to better understand our customers' behaviours and needs and then develop, for example, a more data-driven sales and product supply," says Claes, but recognises that for most companies there is some way to go until a truly data-driven way of working has been achieved.

"We have huge amounts of data and like many larger companies it is in quite a few different systems, so we are now working in all areas to collect, structure and assure our relevant data.

The pandemic is accelerating digitalisation

In other words, digitalisation, IT and technology are a priority in Ahlsell. A significant partnership with Swedish company, Industri-Matematik International, IMI, has been established for decades and plays an active part in the Group's ongoing digitalisation. IMI's system solutions and expertise are key components in Ahlsell's intensive work to structure and make data available.

"We have the ERP system IMI AOM, which integrates sales, purchasing, e-commerce and order management efficiently throughout the Group. The system also serves as a digital platform for the other digital solutions that we continuously integrate,"



Photo: Fotofabriken/Niclas Kindahl

explains Claes, pointing out that Industri-Matematik and their systems are a key factor in managing the increasing complexity of the Group's supply chain.

More local and regional supply chains

During the Covid-19 pandemic, like many other companies, Ahlsell suffered from supply problems as a result of supply chain uncertainties. At the same time, the pandemic has accelerated the company's digital transformation, Claes says.

"The pandemic has driven and stimulated more digital behaviour, both in terms of business meetings and services, as digital delivery of services. In general, we managed the pandemic well. Now we allow more room for uncertainty when we buy in, but we have also become better at offering replacement products and at mitigating fluctuations in different ways."

Most of Ahlsell's suppliers are located in Europe, but those suppliers in turn often have their suppliers in Asia. Claes envisages a trend towards increasingly local and regional supply chains as a result of the pandemic and the problems it created in the global supply flows from Asia.

"We and many other companies want to reduce their lead times, reduce their environmental impact and ensure that human rights standards are met. For us, these risks are a major issue that will affect how we organise our supply chain going forward."

Broad sustainability work

For many years, Ahlsell's own sustainability work has been a high priority issue, with ambitious goals. The basis for the sustainability work is the UN's "Sustainable Development Goals" and the work is primarily focussed on four main areas; reduced environmental impact, responsible sourcing, health and safety, and innovation and cooperation. Claes notes that Ahlsell's major customers drive the sustainability work very purposefully and that the requirements will be tightened even more in the future.

"The greatest change going forward will be in the area of sustainability, where we will be a supplier that both meets and exceeds the sustainability ambitions of the construction industry. We will also be a partner that ensures that our smaller customers get the necessary guidance so that they in turn can install the right type of products and solutions at the large construction companies," he says.

Ahlsell aims to halve its carbon footprint during the period 2016-2030 and become completely fossil-free by 2045. And they are well on the way. During the period 2016-2020, the climate footprint was reduced by 40 percent in operations, that is for inbound and outgoing transport, business travel and warehouse, shop and office premises energy use. The single largest source of emissions is transport to customers, which accounts for almost 60 percent of the total climate impact.



"In the field of transport, we have already made a major switch from diesel to HVO100 as a first step and we are working with data analysis in cooperation with our transport partners to be able to optimise our flows even better. On the transport side, increased flow optimisation will lead to unnecessary transport being avoided and we will improve our consolidation, filling rates and route planning. In addition, return shipments will be increasingly handled by the vehicles that deliver goods to construction sites," says Claes, and also highlights the extensive recycling that is done in the business, where 90 per cent of all packaging material used at the Group's three warehouses is recycled.

"Choosing sustainable suppliers"

Because Ahlsell does not produce its own range, it is important that the company's suppliers also meet high sustainability standards. Claes agrees that this is a big challenge, but is still optimistic about making an impact.

"I believe that new technology can achieve a lot in combination with increased demands from society, consumers and purchasing companies. For example, if transport does not improve quickly from an environmental point of view, there will be a shift from global suppliers to regional and local ones. This is how we can influence things; by choosing the

suppliers that meet our requirements regarding the environment, human rights and working conditions," he says, giving as another example the large number of new technologies that can reduce energy consumption in real estate, but the important thing is that it is used

About Ahlsell

Ahlsell started back in 1877 and is the Nordic area's largest supplier of products and related services in areas such as water & sewerage, heating & sanitation, ventilation, insulation, electrical, refrigeration, construction, plus a whole lot more. For decades, the company has been renowned for its efficient logistics – logistics that is largely about managing developing its logistics offering and various digital and automated solutions. The Group has approximately 5,700 employees, 240 stores, three central warehouses and a turnover of SEK 33 billion. Operations are conducted in Sweden, Norway, Finland, Denmark, Estonia, Poland and Russia. E-commerce accounts for just over 25 percent of Ahlsell's revenues, i.e. approximately SEK 9 billion, making the company one of the largest e-retailers in the Nordic region. Ahlsell is owned by the global venture capital company CVC Capital Partners, based in Luxembourg



ABOUT CLAES SELDEBY

Education: M.Sc. in Business Administration from Lund University.

Career: started his career 1991-2000 as sales engineer and project manager at Schneider Electric, KAM at Partnertec (2000-2003), then again at Schneider Electric 2003-2010 as Sales and Marketing Manager, Business Development Manager, CEO & Country Manager in Sweden. CEO of Profilgruppen Extrusions 2010-2011, CEO FM Matsson Mora Group 2011-2016. CEO of Ahlsell Sweden since 2016 and, from 2021, President and CEO of Ahlsell Group.

Family: Married to Ulrika and has three children.

Interests: Skiing, golf and running.

Main rule to live by: Treat others the way you want to be treated.

Best Leadership Advice: Surround yourself with the best.

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